Austria Sch 18 · Bahrain Din 0.650 · Belgium BFr 38 · Canada C$1.00 · Cyprus Mils 600 · Denmark DKr 7.25 · Egypt E£1.00 · Finland Fmk 5.50 · France Fr 6.00 · Germany DM 2.20 · Greece Dr 60 · Hong Kong HK$12 · India Rup 15 · Indonesia Rp 2500 · Italy L 1100 · Japan Y550 · Jordan Fils 500 · Kuwait Fils 500 · Lebanon L£6.00 · Luxembourg LFr 38 · Malaysia Ringgit 4.25 · Mexico Peso 300 · Morocco Dh 6.00 · Netherlands Fl 2.50 · Norway NKr 8.00 · Philippines Peso 20 · Portugal Esc 75 · S Arabia Rls 6.00 · Singapore S$4.10 · Spain Pta 100 · Sri Lanka Rup 30 · Sweden SKr 6.50 · Switzerland Fr 2.00 · Taiwan NT$65 · Tunisia Din 0.600 · Turkey L 160 · U.A.E. Dh 6.50 · U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,246 Tuesday February 14 1984 D 8523 B

Moscow's power battle begins, Page 18

NEWS SUMMARY

GENERAL

Argentina eases its Falklands stance

President Raul Alfonsin is expected to announce later this week that Argentina is ready to drop its insistence that the question of sovereignty over the Falkland Islands must be part of initial discussions with Britain over their future.

Argentina hopes that this will help break the present diplomatic deadlock between the countries.

President Alfonsin was to have made an announcement in a broadcast last week, but this was postponed because of the death of Soviet President Yuri Andropov. Page 20

Soviet carrier moved

Soviet Union has sent a second aircraft carrier, the Novorossiysk, to strengthen its Far East fleet.

Balkan talks open

Balkan states Greece, Turkey, Romania, Bulgaria and Hungary opened a week-long conference in Athens on prospects for making the area nuclear-free. Page 2

Amritsar shootings

Gunmen shot dead two people in the Sikh holy city Amritsar, on the eve of new talks between Sikh leaders and the Indian Government on religious concessions and greater Punjab autonomy.

Missiles for Jordan

The Reagan Administration intends to sell up to 1,600 Stinger anti-aircraft missiles to Jordan while trying to persuade Israel to agree to the formation of a U.S.-armed Jordanian strike force.

Gemayel reform plan

Lebanese President Amin Gemayel repeated his determination not to resign and presented a 28-point reform plan that he would like to be discussed at a resumed national reconciliation conference in Geneva. **Lebanon deadlock, Page 4**

Unita claim

Unita, the rebel Angolan movement, said that it had shot down a Boeing 737 carrying government and Cuban troops over central city Huambo. The national airline, however, said the aircraft landed safely.

Princess expecting

Buckingham Palace announced that Diana, Princess of Wales, was expecting her second child in late September.

Bangkok plea

A government-run centre for handicapped children in Thailand has asked for police protection because Bangkok gangs are trying to kidnap the children and train them as beggars.

Picassos stolen

Twenty etchings by Pablo Picasso were stolen from an Amsterdam gallery.

Bar on English

Bangladesh Government ruled that all proceedings in offices and courts should be written in Bangla not English.

Pupils in clashes

A 15-year-old girl died and eight people were taken to hospital when pupils boycotting schools in the black township of Atteridgeville outside Pretoria in South Africa clashed with police. Page 4

Union ban attacked

Representatives of 43m trade union members in Europe condemned the UK Government decision to ban union membership among workers at its intelligence communications centre.

BUSINESS

Peugeot soft line on job losses

PEUGEOT has taken a softer line than expected on job cuts at its Citroën car subsidiary. It will ask 3,500 of the 45,000 staff to take early retirement and ask immigrant workers to accept repatriation incentives. Page 20

DOLLAR drifted in quiet trading, falling to DM 2.7375 (DM 2.7435), FFr 8.42 (FFr 8.45) and Y234.35 (Y234.65), but rising to SwFr 2.2375 (SwFr 2.237). Its Bank of England trade-weighted index fell from 130.2 to 130.1. In New York it closed at DM 2.7345; SwFr 2.235; FFr 8.4195 and Y234.3. Page 41

STERLING rose 40 points from Friday to $1.418, and to DM 3.885 (DM 3.8825), SwFr 3.175 (SwFr 3.165) and Y332.5 (Y332). But it eased to FFr 11.94 (FFr 11.945). Its trade weighting was up from 81.4 to 81.6. In New York it closed at $1.4195. Page 41

GOLD fell $1.25 in London to $377.25. In Frankfurt and Zurich it fell $1 to $376.75. In New York the Comex February settlement prire was $377.2 ($377.9). Page 40

WALL STREET: Dow Jones industrial average closed 10.57 down at 1,150.13. Page 31. **Full Prices, Pages 32-34**

LONDON: FT Industrial Ordinary index eased 2.4 to 803. Government securities showed some marginal gains. **Report, Page 35. FT share information service, Pages 36, 37**

TOKYO: Nikkei Dow index rose 3.26 to 9,963.16, and the Stock Exchange index slipped 1.33 to 774.07. **Report, Page 31. Leading prices, other exchanges, Page 34**

EEC ENERGY consumption is expected to rise by 1.32 per cent in 1984, the first rise in five years, with the overall increase being met by a 12 per cent rise in nuclear power generation, according to official forecasts. Page 2

WEST GERMAN Finance Minister Dr Gerhard Stoltenberg praised the exchange-rate stability achieved by the European Monetary System in its five years. Page 20, picture, Page 2

ITALIAN Government faces a challenge today from the opposition Communist Party over proposals on reducing wage indexation payments. Page 20

CZECHOSLOVAKIA plans to spend more than $100m in the West on equipment to modernise its vehicle industry. Page 6

OMAN'S gross domestic product rose 5 per cent in 1983, despite a substantial fall in oil revenue. Page 4

JAPAN is considering reforms to liberalise working practice in the Tokyo foreign exchange market, which would reduce the role of brokers. Page 22

EASTMAN KODAK said profits fell to $563.5m or $3.41 per share in 1983 from $1.16bn or $7.12 per share in 1982.

CANADIAN PACIFIC reported preliminary consolidated net profits of C$143m last year against C$188m in 1982. It suffered heavy losses in its shipping and iron and steel divisions.

COCA-COLA reported 1983 earnings 11 per cent up at $558.3m after a fourth-quarter $124.8m ($121.3m). Page 21

NORSK HYDRO, Norway's largest industrial concern is forecasting 1983 after-tax profits of NKr 1.15bn ($148m), compared with NKr 794m. Page 21

UNION BANK of Finland is to double share capital to FM 2bn ($340m) with a new issue, about $40m worth being offered to foreign investors. Page 21

PIRELLI of Brazil profits were more than 50 per cent down in 1983 at $38.6m. Page 21

New Soviet leader stresses economic issues

Chernenko indicates no change on arms talks

BY ANTHONY ROBINSON IN LONDON

MR KONSTANTIN Ustinovich Chernenko yesterday swept aside his defeat in the leadership struggle against Mr Yuri Andropov 15 months ago to become the sixth leader of the Soviet Union.

His selection was widely interpreted as an interim appointment, and he indicated in his acceptance speech that he would carry on the cautious economic reform policies introduced by his predecessor with no change in Soviet foreign policy.

The decision to select Mr Chernenko as General Secretary of the Communist Party was taken by the 12-man Politburo and announced by Mr Nikolai Tikhonov, Prime Minister, after unanimous approval by the party Central Committee which met in special plenary session.

Mr Chernenko, who at 72 is the oldest man ever to become leader of the Soviet Union, has spent his entire career working in the party apparatus, most of the time as a close collaborator and confidant of the late President Leonid Brezhnev.

In his nomination speech, Mr Tikhonov described Mr Chernenko as a man who "knew hard peasant labour, service as a soldier, and everyday activities of a regional party committee in the countryside."

In reply, Mr Chernenko praised his predecessor and promised "to carry on together with you the principled policy of our party which has been steadily and persistently implemented by Yuri Andropov."

After recalling that Mr Andropov was head of the party "for a painfully short time," he added: "He passed away at the very height of a great and tense work aimed at powerfully accelerating the development of the national economy, at overcoming the difficulties which our country encountered at the turn of the eighties."

He pledged to carry on Mr Andropov's work and indicated that the economy and domestic issues would be his main concern.

In the first part of his speech devoted to economic and party affairs Mr Chernenko indicated that he favoured giving more freedom and initiative to ecooomic managers. He called for "a clear distinction between the functions of party committees and the tasks of state and economic bodies and the elimination of duplication in their performance."

The system of economic management, indeed "the whole of our economic machinery needs a serious restructuring," he added. "The large scale economic experiment for broadening the rights and increasing the responsibility of enterprises" started by Mr Andropov would continue, Mr Chernenko said.

It was only after a lengthy passage oo the ecooomy and the role of the party that he ventured into foreign policy, an area where be has little experience. This appears to indicate that foreign affairs will remain largely in the hands of foreign policy experts such as Mr Andrei Gromyko, Foreign Minister, and the military.

The new leader's remarks on foreign policy reflected conventiooal Soviet positions. He professed loyalty to the Leninist principle of "peaceful coexistence of states with different social systems," added that "nowadays, in the age of nuclear weapons and super accurate missiles, people need it as never before."

But in a thinly veiled barb at the West, he added: "Deplorably, some leaders of the capitalist countries, to all appearances do not realise or wish to realise that."

He insisted: "We need no military superiority," but weot on: "We will not permit the military equilibrium that has been achieved to be upset... and we will further see to it that our country's defence capacity be strengthened."

There was no indication in Mr Chernenko's speech of any change in the Soviet position on arms control talks, currently in suspension since the Soviet walkout from the intermediate range force (INF) talks in Geneva in November and subsequent failure to agree a timetable for resumption of the Strategic Arms Reduction Talks (Start).

Probing the new Soviet leadership's position on this and other vital East-West topics is likely to be a prime aim of Western leaders who bave gathered in Moscow alongside leaders from the East for Mr Andropov's funeral in Red Square today.

Mr Chernenko's first duty as the new leader will be to read the funeral eulogy to Mr Andropov from the saluting base oo the top of Lenin's mausoleum.

Mr Andropov bas been lying in state in the former Club of the Nobility, now Palace of Unions. The body was visited again yesterday by members of the Politburo, immediately prior to the announcement of Mr Chernenko's selection.

At 11am today, Mr Andropov's coffin will be borne on a gun carriage to Red Square before burial in a grave alongside other former Soviet leaders beneath the Kremlin walls.

The leadership struggle begins; Editorial comment, Page 18

Texaco wins go-ahead for Getty takeover

BY STEWART FLEMING IN WASHINGTON

THE U.S. Federal Trade Commission voted yesterday to approve the largest takeover in history, the $10.1bo acquisition of Getty Oil by Texaco, the country's third largest oil company.

The decision, by a four to one majority of the FTC commissioners, was seen on Wall Street as clearing the way for similar acquisitions of secood-line oil companies by the largest U.S. oil concerns. But it was noted that the FTC decision is subject to a number of conditions which Texaco must meet and will oot come into effect until after a 60-day period for public comment.

Only one commissioner, Mr Michael Pertschuk, a former chairman of the FTC and the only commissioner who was not appointed during the Reagan Administration, opposed the decision, which is in line with the recommendations of the FTC staff.

Mr Pertschuk claimed yesterday that the approval was "part of a pattern of relatively lax application of anti-trust laws by this administration."

Perhaps the most critical element of the decision by the FTC is that no commissioner, not even Mr Pertschuk, directly attacked the fundamental logic of the Texaco-Getty merger, which will permit Texaco almost to double its U.S. petroleum reserves at a significantly lower cost than it could anticipate from its own exploration efforts or through market purchases.

FTC staff pointed out yesterday that, even with the acquisition of Getty's reserves, Texaco's share of domestic U.S. production capacity would increase only from around 3.5 per cent to 6.2 per cent. Ownership of U.S. production reserves is widely spread, they noted with Exxon, the company with the largest reserves, controlling only 7.3 per cent. The second largest, the British Petroleum subsidiary Standard Oil of Ohio (Sohio) controls 6.8 per cent.

The commission has imposed conditions on Texaco, particularly over the ownership of some retail service stations and refineries and the requirement to continue to supply Getty customers in California at controlled prires.

The FTC refused to be drawn on the implications of the decision for oil industry mergers, saying only that other companies will have to decide whether the potential constraints they will have to accept as the price of buying other companies and their oil reserves will be worth the potential limitations to which they, like Texaco, might have to submit.

Continued on Page 20

Bush 'to stress moves for peace'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE WHITE HOUSE said yesterday that it would welcome a meeting between Mr Konstantin Chernenko, the new Soviet leader, and Vice-President George Bush, who is to lead the U.S. delegation at today's funeral of Mr Yuri Andropov.

Mr Bush would "stress our commitment to peace and, in particular, to the search for mutually acceptable agreements in his discussions in Moscow," said the White House.

Most Washington officials and Soviet analysts, however, believe that there is little chance of an immediate breakthrough in U.S.-Soviet relations following the change of leadership in Moscow. It is still not clear how actively President Ronald Reagan will seek a summit meeting with Mr Chernenko before November's U.S. elections, or whether Mr Chernenko would agree to such a meeting.

The U.S. Administration believes that Mr Chernenko, who may be no more than an interim leader, will still need several months to solidify his position. He is regarded as "cautious and conservative" in Washington, and likely to continue to follow the basic policy objectives of his predecessors, Mr Leonid Brezhnev and Mr Andropov.

Washington is likely to continue the conciliatory tone adopted by Mr Reagan in recent weeks, without offering major new concessions to Moscow. "We invite the new leaders of the Soviet Union to work with us in establishing a basis for greater understanding and constructive cooperation," the White House said.

With the U.S. elections less than nine months away, Mr Reagan is anxious to refute his opponents' charges that he is a cold warrior and a warmonger. More immediately, he is also hoping that events in Moscow following Mr Andropov's death will distract attention from last week's outcry over his controversial policy in Lebanon.

Some senior officials believe that Mr Reagan wants a summit meeting later in the year, even if it is only a "get-acquainted" session, but that he does not want to appear too eager in public. There is a strong body of opinion in Washington that thinks that Mr Chernenko and his colleagues will do nothing to facilitate Mr Reagan's re-election.

The official U.S. position on a summit has not been changed by Mr Andropov's death. It is that a summit is only desirable if well-prepared and it lead to "substantive" results, not just an exchange of views.

Mr Reagan's domestic political aides, however, are likely to press more strongly for a summit than his foreign policy advisers. Mr Reagan has already come under strong attack from the Democrats as the first U.S. President since Herbert Hoover in the early 1930's not to have met his Soviet counterpart.

Mr Harold Brown, U.S. Defence Secretary under President Jimmy Carter, yesterday said that the same committee had been governing the Soviet Union since 1978 and was still in charge. Mr Chernenko did not have much freedom of action, he said.

Mr Zbigniew Brzezinski, Mr Carter's national security adviser, said that Mr Chernenko had struck him as "a very cautious bureaucrat, very deferential to Brezhnev, not forceful, not dynamic."

James Buchan adds from Bonn: Herr Volker Rühe, a foreign policy expert in Chancellor Helmut Kohl's Christian Democrat (CDU) party in Bonn, yesterday greeted the naming of Mr Chernenko as Soviet party general secretary as a "gratifyingly quick solution to the leadership question in the Kremlin."

Herr Rühe, who is deputy chairman of the Chancellor's parliamentary party, also gave vent to a worry that has been troubling west-

Continued on Page 20

Ford recovers with record $1.8bn profit

BY TERRY DODSWORTH IN NEW YORK

FORD MOTOR of the U.S. easily broke its record annual earnings figure last year as it swung back into profit after three years of heavy losses.

Net income amounted to $1.87bn, or $10.29 a share, against $658m or $5.46 in 1982, as sales jumped by almost 20 per cent from $37.1m to $44.5bn.

The turnround in the final quarter amounted to a little more than $1bn, as net profits soared to $781m, or $4.29 a share, from a loss of $326m, or $1.30.

Ford's previous record earnings were achieved in 1977, when it made $1.67bn net on sales of $37.8bn. It plunged to losses of $1.5bn in 1980, and since then has run up an aggregate deficit of $3.3bn.

Mr Philip Caldwell, Ford chairman, said yesterday that the improvement had been made possible by a "combination of higher industry sales, the strong reception of our new cars and trucks, and the cumulative effect of productivity improvement and restructuring actions."

The improved earnings had also enabled Ford to strengthen its balance sheet substantially. Shareholders' funds increased by $1.5bn to $7.5bn, while worldwide debt was reduced by nearly $1bn to $3.7bn, and cash balances increased by $1.5bn to $3.2bn.

Ford's overseas activities, which buoyed it up during the U.S. recession, registered a decline last year as profits fell from $460m to $351m.

The company blamed the decline on adverse foreign exchange effects in Europe and Latin America, high-

Continued on Page 20

Troubled British shipyard hit by new threat to cancel rig

BY MARK MEREDITH, SCOTTISH CORRESPONDENT, IN EDINBURGH

PROBLEMS surrounding the future of Scott Lithgow, the UK state-owned shipyard on the Lower Clyde in Scotland, deepened yesterday when British Petroleum (BP) told British Shipbuilders that it would cancel a £60m order for a nearly completed semi-submersible drilling rig unless the contract could be renegotiated.

The yard is already threatened with closure unless moves to sell it to the private sector are successful, after Britoil's cancellation of an £80m rig order in December.

Three companies are interested in the yard. They are Trafalgar house, the property and shipping group, the UK arm of Bechtel, the U.S. international engineering concern, and Howard Doris, an Anglo-French company which operates an offshore fabrication yard in the Scottish Highlands.

A BP official said last night that the rig was nearly a year behind its contracted delivery date of February 28, 1983. "We still have no clear and convincing date when it will be delivered," he added.

At the end of December it said that delivery could be by March this year. The latest date offered by Scott Lithgow is April 18. But BP said that that date was unrealistic. It estimated that the rig, now 95 per cent complete, would be unlikely to be ready before mid-year.

BP said that if the offer to renegotiate was rejected, the oil company would cancel the order as soon as possible. Mr Graham Day, British Shipbuilder's chairman, refused repeatedly to renegotiate the Britoil contract, which was two years behind schedule – a position which led to Britoil's cancellation.

A BP official said that although the cost of the rig was £60m, the cost of the delays had forced the company to reschedule its North Sea drilling programme. It had to hire additional drilling capacity.

A sister rig was ordered about the same time in 1980 from the Hyundai yard in South Korea and had been completed in 18 months. It was already operating in the North Sea.

"Maximum assured compensation amounts to £2.9m but our losses amount to many millions of pounds more than that," he said. It did not want to frustrate the proposed survival proposals for Scott Lithgow. "We have taken every sensible step to avoid cancellation."

The delays in the BP order had meant that the warranty had run out on some of the equipment, and the condition of other equipment had deteriorated while awaiting commissioning.

A new owner of Scott Lithgow must not only satisfy Britoil that it can take over the one-third completed semi-submersible rig, but must also work out with British Shipbuilders how the BP order as well as an order for the Royal Navy can be completed.

The BP rig is already floating at the dockside while undergoing fitting and the Navy's seabed operations vessel is also very close to completion.

British Shipbuilders has been trying to negotiate extra time on the BP contract.

Later today, Bechtel representatives meet Britoil for their first formal meeting to discuss how the engineering firm would complete the order. Howard Doris representatives meet Britoil later in the week.

CONTENTS

EUROPEAN NEWS

NUCLEAR POWER WILL MEET FIRST INCREASE IN DEMAND FOR FIVE YEARS

EEC energy consumption to rise

BY PAUL CHEESERIGHT IN BRUSSELS

ENERGY CONSUMPTION in the EEC is expected to rise 1.32 per cent in 1984, the first increase for five years, the European Commission said yesterday.

The overall increase in demand will be met by a rise in nuclear power generation of some 12 per cent, according to the Commission's prediction. Natural gas consumption will probably be slightly higher, but solid fuel use will be slightly lower than in 1983.

Oil demand is expected to remain broadly the same, consolidating the trend which has emerged since the first oil shock of 1973: the attempts to reduce dependence on imported supplies. By the end of last year, the figures show, EEC dependence on imported oil had been reduced to 32 per cent of total energy requirements, compared with 62 per cent a decade before.

This reduced dependence has taken place in recent years against the background of lower prices, but unofficial estimates show that for the EEC the effect in terms of cost has been less marked than for the U.S.

This is because of the strength of the dollar, which has reduced energy costs for the U.S. – oil prices being quoted in dollars – relative to European currencies.

The expected rise in energy consumption comes as the EEC economies begin to pick up again after the recession. The Commission predictions are based on an expected growth rate of 1.75 per cent, but this might prove to be understated. Lately, growth figures have been revised upwards.

Energy consumption has been declining for four years, but this trend flattened out last year when the fall overall was slightly more than 1 per cent. But by the end of last year energy consumption was running 11 per cent less than in 1979.

The fall in oil consumption has been particularly marked, far higher than the global figure. It fell by about 4.6 per cent last year and is now 27 per cent lower than in 1973.

To some extent, the fall in imports has been taken up by domestic Community production, of which by far the largest share comes from the UK. EEC oil production rose by 10 per cent last year.

Overall, the Commission is expecting EEC energy production to rise this year, but by less than in previous years, leaving little change to the net import reliance for energy.

General Community policy has been to reduce dependence on imported oil, but in Brussels there are fears that the move towards this could slow in the face of lower prices.

Poland postpones national elections

WARSAW — The Polish Parliament yesterday postponed national elections which the authorities fear could be used to protest against the suppression of the Solidarity union movement.

The 460-member Sejm, which was to end its term on March 23, voted by 383 in favour with four abstentions on an extension at least until the end of 1984. Parliamentary elections, normally held every four years, last fell in March 1980, four months before Solidarity was born in a wave of strikes.

Legislators also approved a new voting system, which will be used for the first time in the local government elections due to take place in the spring.

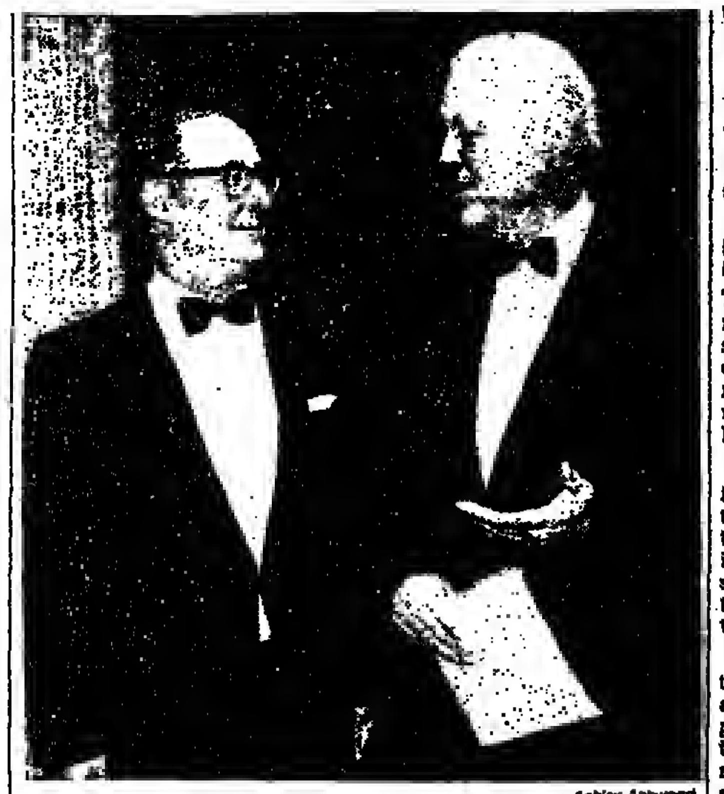
There were no votes against either measure, though they have been criticised as undemocratic by some members of Parliament and underground leaders of Solidarity.

The latter said the new voting procedures had been drawn up in such a way as to ensure that the preferred candidates of the Communist authorities and their allies would be elected.

The names of candidates favoured by the authorities will top voting lists and will have to be deleted by voters who want to show a preference for another candidate. Ballot papers need not be marked and such votes go automatically to the candidate at the head of the list. The vast majority of Poles cast unmarked ballots.

Solidarity spokesmen have urged people to boycott the elections. But it would have only a temporary effect.

Agencies.



Ashley Ashwood

Dr Gerhard Stoltenberg, West German Finance Minister (right), with Mr Alan Hare, chairman of the Financial Times, at a dinner last night in Frankfurt to mark the fifth anniversary of the printing in Germany of the FT's international edition.

Turkey in nuclear conference

By Andriana Ierodiaconou in Athens

TALKS IN Athens about creating a nuclear-free zone in the Balkans resumed yesterday with the full participation of Turkey. The talks, organised by the Papandreou Government, are also attended by Greece, Bulgaria, Romania and Yugoslavia.

The first round of the Balkan conference in January failed to get off the ground because Turkey attended only as an observer, claiming lack of preparation. Yesterday's sessions which will end on Friday, therefore provided the first opportunity for substantial discussions.

But the chances of an agreement to make the Balkans nuclear free are remote. Turkish officials say privately that Ankara has little intention of seriously considering the removal of U.S. nuclear weapons installed on its soil. The price of full Turkish participation in the conference has been the removal of the denuclearisation issue from the top of the agenda, in favour of anodyne discussions on Balkan co-operation in the technical, educational and trade fields. Denuclearisation will be discussed only as a parallel issue.

Ultimatum on fees for Malta schools

By Godfrey Grima in Valletta

PRIVATE SCHOOLS in Malta have been given two weeks to declare whether they will offer free education next year. At the same time some 700 teachers employed by those schools must decide by February 24 whether they will work for the Government if their institutions are taken over by the authorities.

This development, disclosed yesterday by Dr Carmelo Mifsud Bonnici, Deputy Prime Minister, heightens the issue in which the Government of Mr Dom Mintoff, Prime Minister, wants private schools, most of which are run by religious orders, to turn themselves into free education institutions. Private schools, which last year made an aggregate loss of M£500,000 ($552,000), say the proposal is not feasible and claim the Government wants to shut them down.

Norwegians criticised over North Sea supply vessels

BY PETER BRUCE IN LONDON

NORWEGIAN offshore supply vessel operators are using surplus tonnage in the UK sector of the North Sea, the General Council of British Shipping (GCBS) claimed yesterday. The GCBS said charter rates had fallen sharply and warned that future UK investment in offshore supply vessels was in jeopardy.

The Council was commenting on a report it commissioned from accountants Arthur Andersen, which found that a combination of Norwegian tax incentives and generous shipbuilding credit terms were making it difficult for British operators to compete.

The report singled out the so-called KS scheme, under which Norwegian operators are able to offset more than 70 per cent of their investment in new tonnage against income. In addition, Norwegian shipbuilding credit terms run to 12 years with a moratorium of three years on repayment. Equivalent UK credit lines run to only eight years, with no moratorium.

Arthur Andersen says that a Norwegian anchor-handler of 9,000 brake horse power, financed under the KS scheme and built on more favourable credit terms, is potentially far more profitable than a competing UK vessel of 7,000 bhp. Given current flat charter rates which have halved in the past 12 months, platform and rig operators tend to favour the bigger ships in the North Sea.

Mr Peter Wordie, chairman of the GCBS Offshore Section, noted that even in conditions of oversupply, Norwegian operators were achieving higher utilisation rates than the British.

"The report underlines how desperately serious the position in the North Sea has become for British owners," he said. "Furthermore, it is generally accepted that with widespread protectionism elsewhere, the export of supply ship services is heavily dependent on a strong and secure home market. There must consequently be a real danger that existing, let alone future, British investment in supply vessels will be withdrawn."

There are signs, however, that the many private Norwegian investors who have put money into KS supply vessels have themselves fallen victim to the oversupply. According to some reports, several have been forced to top up their original investment as vessels are unable to find work and now lie idle.

General strike called in Spain's Vigo region today

BY DAVID WHITE IN MADRID

A GENERAL strike called for today in the Vigo region of north-west Spain, an unemployment black spot, is the latest in what threatens to be a growing series of protests against the Socialist Government's industrial and pay policies.

Some Socialist politicians are beginning to become seriously concerned about the coincidence of labour campaigns over industrial restructuring—as in today's strike—over 1984 wage increases, and over the conditions of unemployed farm workers in the south.

Since the beginning of the month, Spain has already seen a 24-hour strike by the Communist Workers' Commissions union in different parts of the country affected by industrial cutbacks, a broadly-backed strike in the Basque region against plans for the special steels sector, and clashes in Madrid between police and protesters from the threatened Sagunto steelworks.

The Workers' Commissions plan to step up pressure in the public sector, where the Government is aiming to keep wage increases down to 6.5 per cent, by meetings and protests tomorrow in all nationalised companies.

A campaign of go-slows and stoppages at the state airline, Iberia, is planned from next week, followed the week after by strikes in the state rail network.

Other recent strikes range from those of municipal workers in Barcelona to hotel employees in Tenerife. According to the CEOE employers' federation, the number of hours lost in strikes rose by some 30 per cent last year.

Honecker and Kohl hold talks

MOSCOW — Chancellor Helmut Kohl of West Germany and Herr Erich Honecker, East Germany's leader, met for the first time in Moscow yesterday and had one hour of talks, then dinner.

The two German leaders were to have met last autumn in West Germany, but Herr Honecker cancelled a visit after East-West German acrimony over West German allegations that two West Germans had died after being detained by East German border guards. AP

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NOTICE OF REDEMPTION

to the holders of Debentures payable in American Currency of the issue designated

8¼% Sinking Fund Debentures due March 15, 1986, Series BS (herein called "Debentures") of the

QUEBEC HYDRO-ELECTRIC COMMISSION

CANADA

PUBLIC NOTICE IS HEREBY GIVEN that the Quebec Hydro Electric Commission intends to and will redeem for SINKING FUND PURPOSES on March 15, 1984 pursuant to the provisions of the Debentures the following debentures as indicated, of the above mentioned issue, at 100% principal amount plus accrued interest to the redemption date, namely:

3	1405	2491	3375	4264	4925	5829	6649	7648	8384	8937	9573	9964	10461	11447	14601
22	1409	2493	3378	4289	4928	5840	6653	7652	8385	8939	9575	9965	10463	11451	14638
34	1417	2497	3381	4295	4931	5843	6656	7656	8387	8942	9577	9967	10465	11485	14651
42	1437	2504	3383	4298	4938	5845	6658	7659	8393	8944	9579	9969	10467	11502	14666
54	1443	2507	3387	4306	4941	5864	6661	7661	8397	8947	9582	9971	10470	11540	14701
97	1449	2517	3390	4309	4943	5867	6667	7670	8402	8950	9584	9974	10474	11622	14734
100	1452	2528	3403	4311	4945	5870	6672	7671	8428	9002	9587	9977	10477	11641	14753
129	1461	2534	3405	4326	4949	5873	6674	7673	8429	9005	9589	9980	10479	11655	14787
136	1471	2537	3409	4338	4954	5875	6678	7675	8430	9009	9591	9983	10482	11667	14801
148	1482	2539	3412	4345	4957	5881	6688	7705	8431	9019	9594	9988	10484	11916	14842
176	1491	2541	3417	4347	4962	5886	6691	7707	8442	9021	9596	9991	10485	11947	14852
179	1496	2544	3420	4360	4966	5915	6696	7712	8446	9026	9598	10019	10487	12045	14884
191	1499	2547	3425	4361	4970	5920	6721	7717	8447	9032	9599	10020	10489	12054	14901
194	1504	2552	3428	4366	4972	5931	6725	7722	8559	9038	9602	10023	10491	12101	14926
210	1511	2563	3429	4372	4979	5937	6729	7727	8560	9042	9605	10026	10493	12145	14996
214	1526	2567	3515	4383	4981	5940	6731	7731	8561	9045	9607	10027	10495	12151	15004
228	1543	2573	3517	4389	4984	5943	6734	7734	8564	9091	9616	10029	10497	12184	15129
236	1558	2579	3535	4393	4986	5944	6738	7738	8567	9093	9613	10031	10500	12201	15151
298	1565	2585	3536	4395	4987	5949	6760	7741	8570	9096	9617	10033	10502	12244	15201
299	1576	2602	3542	4402	5025	5952	6763	7744	8575	9098	9620	10038	10503	12253	15306
307	1589	2606	3543	4407	5027	6027	6769	7749	8577	9102	9640	10041	10505	12294	15342
315	1614	2615	3545	4409	5031	6084	6775	7753	8579	9104	9641	10043	10509	12301	15351
328	1622	2621	3548	4415	5035	6085	6780	7759	8581	9105	9648	10052	10511	12343	15389
336	1637	2623	3636	4428	5037	6086	6784	7765	8583	9109	9650	10053	10516	12351	15421
347	1649	2637	3638	4431	5039	6089	6789	7767	8585	9113	9654	10055	10518	12383	15451
353	1652	2646	3639	4433	5042	6093	6795	7771	8590	9119	9656	10059	10524	12402	15494
366	1663	2655	3647	4437	5044	6107	6799	7776	8591	9122	9660	10061	10526	12417	15501
381	1679	2657	3648	4445	5055	6125	6803	7782	8596	9125	9667	10063	10528	12577	15564
392	1691	2663	3825	4511	5057	6127	6807	7786	8602	9127	9674	10073	10532	12593	15640
410	1698	2675	3827	4512	5060	6174	6811	7794	8604	9129	9714	10076	10535	12682	15695
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453	1784	2703	3838	4547	5083	6214	6827	7822	8616	9143	9724	10087	10546	12751	15922
476	1786	2709	3841	4549	5107	6217	6831	7825	8622	9146	9733	10091	10549	12787	15981
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519	1905	2733	3850	4572	5140	6258	6896	7846	8640	9160	9758	10102	10562	12930	16206
529	1906	2779	3853	4575	5257	6271	6899	7949	8643	9168	9767	10105	10572	12951	16251
543	1932	2786	3854	4586	5258	6273	6900	7950	8647	9171	9777	10108	10583	12979	16320
560	1935	2791	3856	4587	5259	6274	7113	7966	8649	9175	9781	10115	10590	13002	16422
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604	1941	2913	3885	4620	5271	6352	7131	7979	8682	9184	9800	10140	10607	13089	16740
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647	1973	2932	3903	4638	5336	6388	7174	7987	8699	9202	9812	10159	10621	13285	17001
653	1975	2935	3907	4643	5346	6391	7175	7988	8702	9213	9815	10161	10622	13301	17125
662	1979	2979	3913	4646	5348	6394	7177	7994	8704	9215	9817	10165	10624	13341	17215
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725	2035	2998	4107	4661	5382	6415	7261	8014	8720	9259	9833	10181	10645	13601	17617
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757	2045	3010	4112	4673	5393	6425	7272	8021	8726	9264	9841	10185	10649	13684	17724
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792	2186	3031	4133	4720	5405	6452	7281	8025	8734	9268	9847	10194	10652	13744	17909
796	2189	3035	4146	4775	5407	6455	7282	8028	8737	9272	9850	10198	10654	13751	17982
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940	2263	3165	4195	4811	5476	6523	7530	8258	8756	9324	9902	10249	10891	14051	18910
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950	2275	3185	4203	4817	5692	6540	7537	8267	8791	9343	9929	10252	10941	14101	19002
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997	2329	3199	4211	4831	5706	6547	7547	8274	8771	9361	9933	10258	11002	14167	19170
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1391	2446	3356	4269	4894	5777	6628	7628	8341	8927	9564	9955	10437	11302	14483	19994
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1402	2483	3366	4277	4907	5819	6635	7642	8348	8933	9569	9960	10455	11384	14551	
1403	2488	3371	4281	4923	5823	6639	7645	8382	8934	9571	9961	10456	11401	14569	

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Dated at Montreal

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QUEBEC HYDRO-ELECTRIC COMMISSION

David Marsh reports on the OECD conference on jobs

Employment: to intervene or not to intervene

"UNDERNEATH all the rhetoric, there was more agreement than expected." That was how one senior delegate at last week's OECD conference on jobs summed up the outcome of three days of talks between ministers, trade unionists and employers on ways of reducing unemployment in the West.

The outcome of such a meeting of delegates from 24 countries, devoted to complex discussions on the impact on jobs of labour market changes, new technology, international trade links and cuts in working hours, can at best be vague. The results, however, are being fed into this week's wider OECD ministerial meeting, which started yesterday and is intended to come up with ideas for improving non-inflationary growth throughout industrialised countries.

"Over the past 10 years, the U.S. has created 13m jobs. The EEC has lost 4m," M Jacques Delors, the French Finance Minister, told the conference bluntly. "We admit it—Europe has not performed well. We are aware of our rigidities and our difficulties."

Behind the Delors confession was an attempt to bridge the gap between opposing ideological arguments on job creation which cleave Western governments into two separate camps. The U.S., with Britain and to some extent West Germany, last week placed stress on the merits of propagating "dynamic" economies through deregulation, easing administrative and financial burdens on companies and allowing wages to move more freely in response to market forces.

Other countries, led by France, Sweden, the Netherlands, and Australia which place more stress on demand management and consensus with unions, pleaded for a less black-and-white approach. Mr John Dawkins, the Australian Finance Minister, who is reporting on the conference to this week's OECD ministerial gathering, said that labour markets would never become as supple as markets for commodities "because they are comprised of people."

Practically all governments agree that greater labour market flexibility, coupled with specific measures to boost company investment, would make a vital contribution to reducing unemployment.

But delegates like Mr Dawkins argued that labour flexibility can be improved not simply by measures to allow wages to move flexibly downwards ("pricing people into jobs"—predictably opposed by trade unions at the conference) but also by a series of other steps.

These included increased mobility allowances to allow displaced workers to move to new jobs, business start-up incentives and market-orientated training programmes launched by governments in close concert with employers.

Sir Douglas Wass, the retired Permanent Secretary at the UK Treasury, who summed up last week's discussions and will

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also report to this week's OECD meeting, pointed out—like M Delors—that public sector demand policies could not be neglected in job creation strategies.

In his summing up, Sir Douglas said that wage restraint, by improving companies' costs, might improve investment. But for this to translate into more jobs, other public spending measures were needed. This was the same point as made by M Delors.

The French Finance Minister agreed the necessity of cutting corporate charges and lowering government intervention. But, pointing to the need for infrastructure investments in decaying towns for instance, he said it was "an illusion" to expect growth to return without the state taking some part in the process.

Many delegates argued that, in spite of its rhetoric, the U.S. Government, through its budgetary expansion, in fact was following straightforward Keynesian demand-led reflation. This point is certain to be repeated at this week's meeting.

Sir Douglas turned the tables on the non-interventionists by pointing out that too much wage flexibility could in some cases impede economic adjustment. If wages fell too low in some industries doing badly, he said this could actually keep inefficient companies from making efforts to adapt in line with market forces.

One of the most controversial papers submitted to the conference was from Mr Frank Doyle, senior vice-president at General Electric of the U.S. His remarks suggesting that high payroll taxes and social security benefits contributed to unemployment drew fire from Mr Ivor Richard, the EEC Employment Commissioner, who argued that people were out of work not because dole pay was too high, but because demand was too low.

In fact the Doyle paper argued that governments had a clear role to play in job creation, but that measures should be more market-oriented. For instance the paper suggested governments should strengthen the part of unemployment assistance devoted to training and redeployment. Too much reliance on simply maintaining incomes could impede people's efforts to move on their own into new jobs.

Business and trade union representatives at the conference were attending an OECD inter-government meeting for the first time. One of the most positive features of the gathering was their effort to discover common ground, for instance on the usefulness of government business incentives more tailored to companies' needs.

Both unions and business representatives refused to enter into polemics over the question of wage restraint, and indicated willingness to continue dialogue at future OECD meetings.

There was also some common ground on the thorny question of working time cuts. Delegates agreed that reductions in working hours would be counter-productive if they simply added to corporate costs. But it was accepted that cuts in working time were, and always had been, an inevitable consequence of productivity improvements, and as such would continue.

Significantly, underlining the general search for flexible measures to curb the jobless rate, delegates gave greater support to reversible measures on working time, such as increases in part-time employment, than to more thoroughgoing cuts in weekly working hours. In particular German officials, who are currently battling with the unions on this subject stressed that cuts in weekly working hours would be harder to reverse later.

Netherlands cabinet split again over cuts

By Walter Ellis in Amsterdam

LESS THAN three months after its hard won victory over the trade unions on cuts in public sector pay, the Dutch cabinet is divided about what further savings should be made this year.

The majority Christian Democrat faction in the coalition Government believes that there is now room for flexibility. Where intended welfare reductions are seen to be either unworkable or—as in the case of the handicapped—unnecessarily harsh, the Christian Democrats favour leniency.

The more right-wing Liberals, however, believe that the cabinet must stick firmly to its policy of reducing public expenditure at every opportunity.

Argument on the issue is said to be intense. Both sides recognise that the subject is crucial for the Government's image and for its central economic strategy of balancing the books.

Normally, such internal wrangling within the coalition would be regarded by those involved as little more than an irritant. But since the cabinet also faces a difficult time this summer on the question of deploying U.S. cruise missiles in the Netherlands, every new fissure in its structure is carefully assessed.

Two Christian Democrat MPs have so far quit the party over the cruise issue, and a further five have indicated they will vote against any decision to deploy. Another handful of defectors would be enough to tip the scales in favour of the largely anti-cruise opposition, thus precipitating a general election.

EEC gets push back on the rails

BY JOHN WYLES IN BRUSSELS

THE DISSATISFACTION with the working of the European Community's institutions — expressed in differing ways last week by both President Francois Mitterrand of France and EEC business organisations —reaches something of a climax in the European Parliament today.

While others have been arguing that the defects can be remedied by a bit of institutional tinkering or a new current of political will, the Parliament wants something altogether more radical. This evening, a majority of its members present in Strasbourg will adopt a proposed "Treaty establishing the European Union" which seeks to boost the powers of the Parliament and the Commission at the expense of member governments.

It is, in other words, an attempt to put the Community back on the rails towards supranationalism. The original ideals of its founding fathers have been betrayed, say the moving spirits behind the initiative, by a decadent and flourishing resurgence of nationalism. The Community has become an intergovernmental organisation and, as such, can never establish "Europe" as a functioning, economic, social and political force. Its supporters say that only a new treaty can save the EEC from the damaging and ultimately trivial internecine battles such as exist over the common agricultural policy and the British budget problem.

Unice, the federation of EEC business organisations whose own internal workings were a mirror of the Community's difficulties, only last week made a fresh call for majority voting as an "essential condition for getting the Community moving again."

Another "live issue" addressed by the draft treaty is what should be the proper role for the European Council—the thrice yearly summit meetings of heads of government. Created in 1974, the Council is a political creation without powers and procedures set down by the Treaty of Rome.

This is said to be one of the prime weaknesses. Its agenda and proceedings are often haphazardly prepared and executed, and its decisions very imperfectly applied.

Last Tuesday, President Mitterrand, the current president of the European Council, revealed his own frustrations at its lack of effectiveness in a speech in the Hague. His solution was to support Chancellor Helmut Kohl's proposal for a special secretariat to serve the Council to ensure that its decisions are not subsequently frustrated by bureaucratic timidity and conservatism.

The parliamentary draft would establish the European Council as the EEC's political control room and overall source of direction.

The draft treaty is a political statement and not a blueprint which puts the Community in imminent danger of fundamental change. Governments are not even obliged to take much notice of it, although it is to be submitted to national parliaments for ratification.

An unknown number of MEPS do intend to feature the draft treaty strongly in their campaigns for the June elections to the Parliament. For the real evangelicals, it represents a thoughtful and practical slipway down which to relaunch the Community with real appeal to the voters.

But its actual relevance is more likely to derive from the way it feeds into the growing debate over how to make the Community more effective — or rather, how to rescue it from impotence and disarray.

It takes a very clear stand, for example, in favouring the withdrawal of the right of any government to veto an agreement which strikes at vital national interests.

The Treaty of Rome clearly envisaged decision - taking based on majority voting in the Council of Ministers. But its attainment has been frustrated by the celebrated Luxembourg compromise and the consequent search for unanimity is held to be the greatest obstacle to policy development.

It would also clearly allow the European Council to establish security and defence policies for the Community, if it so wished. Since these are largely outside the scope of the current treaty, countries such as Ireland (because of its neutral status) and Denmark (for political reasons) have been able to keep the security genie shut inside its lamp.

But as M Mitterrand claimed last week, there is a growing demand for Greater European co-operation on security. In this, as in other ways, the draft treaty adopted by the Parliament today gives some expression to popular demands for a more effective Community.

Portugal sets out terms for foreign banks

BY OUR LISBON CORRESPONDENT

PORTUGAL'S banking sector, nationalised under Communist pressure following the 1974 revolution, was opened again to private capital last weekend with the publication of a long-awaited law regulating the establishment of foreign and domestic private banks.

The law sets the minimum capital requirement for a new bank at Es 1.5bn (£7.8m), the full sum to be brought into Portugal at the outset. No indication is given of facilities to hedge capital loss against the devaluation of the escudo.

The exact terms on which private banks may be set up in Portugal remains unclear, however, because the law defers to the Bank of Portugal the definition of rules governing important operational procedures, including liquidity, solvency and the credit platforms.

Foreign bankers anxious to learn the capital-loan and capital-deposit gearing ratios established for the new banks will also have to wait for regulations to be established later by

In a bid to avert the one-family domination of a bank that existed before the revolution and partly provoked the nationalisation of the sector, the law establishes that no single group may own more than one-fifth of the capital of a locally-incorporated bank. This may be increased to one-third subject to government approval.

International bankers in Lisbon believe that by deferring final definition of the new law to the central bank, the Portuguese Government is aiming to limit to four or five the number of foreign banks opening branches here. It is also thought that the number of applications will be restricted because of the high capital requirement and the lack of flexibility allowed for its import.

These provisions will force foreign banks setting up in Portugal to grow at an undesirably fast rate to ensure an adequate return on their capital, bankers said. It is thought that this rapid expansion could have detrimental effects on the Government's attempt to control the economy and limit monetary growth.

Greek private sector pay accord

BY ANDRIANA IERODIACONOU IN ATHENS

GREEK TRADE unions and private sector employers have reached a collective pay agreement for this year after workers were persuaded by the Labour Ministry not to insist on the obligatory linking of wages to the inflation rate. The Socialist Government has introduced automatic index-linking in the public sector.

The General Confederation of Greek Workers, representing unions nationwide, also abandoned a demand for the extension of a five-day 40-hour working week to all commercial sectors.

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In return, the employers have agreed to increase pay in line with the annual inflation rate. This is currently running at about 20 per cent. There will be an immediate 10.7 per cent rise in the minimum daily wage and monthly salary rates, to Dr 1,202 (£8.28) and Dr 27,012 (£186.28) respectively. Two subsequent increases to match the rise in the price index will follow in May and September.

Working minors' pay is also to go up from 65 per cent to 75 per cent of the minimum wage in the first year of employment; to 85 per cent in the second year; and 95 per cent in the third. Maternity leave has been extended from 12 weeks to 14, and a special bonus has been introduced for workers with more than three children or with a retired spouse.

The Government's mediation was widely seen as a bid to improve the Socialists' troubled relations with the private sector.

OVERSEAS NEWS

Beirut gripped by political deadlock

BY PATRICK COCKBURN IN BEIRUT

THERE WAS political deadlock in Lebanon yesterday after President Amin Gemayel's reiteration on Sunday that he will not resign. He hopes to form a new Government and is confident that President Reagan will continue to support him.

Fighting died away in and around the Lebanese capital on Monday because of thunderstorms. Torrential rain kept gunmen huddled in bunkers and turned the streets of the capital, which has few drains, into muddy brown water courses.

The Moslem opposition to President Gemayel would clearly like to get rid of him but do not wish to press the matter at the moment. They also want to prevent the Christian community uniting behind him.

"At the moment we are militarily stronger," said a Druze spokesman yesterday. "Gemayel controls only the square-kilometre around the presidential palace." The Druze said he had little confidence that the President would accede to opposition demands for the abrogation of the May 17 agreement with Israel, which effectively allows Israeli forces to remain in the country until all foreign troops are withdrawn, notably the Syrians.

The significance for the opposition of the annulment of the agreement with Israel, which has always been a dead letter, is that it would be a symbol that the Government had ceased to hope that it would be rescued by either the U.S. or Israel. The opposition believes that President Gemayel still wants the U.S. to change the military balance on the ground despite the announcement of the withdrawal of U.S. marines to the Sixth Fleet.

If the political deadlock continues the militias which took West Beirut last week will be tempted to step up their attacks. The Syrians have also said that they will respond to any further bombardment of Syrian held territory in Lebanon if the New Jersey or other naval vessels open fire again.

Diplomats believe that the U.S. appears to be softening its attitude to changes in the May 17 agreement and towards UN forces replacing the multi-national force in Beirut but they also believe that all this comes too late.

The weakness of the U.S. position is exemplified by the presence of Druze militiamen all around the U.S. embassy. Over the weekend the Druze protected the foreigners being evacuated by helicopter.

The Syrians say they are examining the idea of a UN presence but Musstapha Tlass, the Syrian Defence Minister, said they would only be deployed after the Israelis had left south Lebanon.

President Gemayel's Government only controls some 10 to 15 per cent of Lebanon, a country only half the size of Wales. It is therefore in a very weak position in negotiations with the Moslem opposition leaders or the Syrians.

Schoolgirl killed in S. Africa protests

Simmering tension over the South African Government's black education policies erupted in violence again yesterday writes Bernard Simon in Johannesburg. A teenage girl was killed and at least eight students injured during a clash with police at a school in the Pretoria township of Atteridgeville. Several police vehicles were damaged.

Four schools in the Pretoria area and in Soweto, outside Johannesburg, have been closed in the past week following class boycotts by around 2,600 students. Several incidents of stone-throwing and police baton charges have been reported.

The latest ronnd of unrest appears to have been sparked by implementation of a new regulation barring blacks above the age of 20 from attending classes. Aboot half tbe black pupils who wrote *matriculation* examinations in 1983 failed, and most have been refused readmission to their schools this year because they are now above the age limit.

China growth target

China bas set 1984 growth targets at 4 pcr cent for agriculture and 5 per cent for industry, Lu Dong, Vice-Minister of the State Ecooomic Commission was qnoted as saying in the China Daily. Renter reports from Pcking last week the national Statistical Enrean reported 1983 growth in agriculture at 5 per cent and in industrial ontput at 10.2 per cent.

Australian deficit

Australia's balance of payments as measured by net official monetary movements swung into an A$161m (£106m) deficit in January from an A$1.15bn surplus in December and an A$360m surplus a year earlier, according to the Statistics Bureau quoted by Reuter. The turnround *reflected* primarily a big drop in net apparent capital inflow compared with the previous periods.

PRESIDENT CHADLI'S SECOND TERM

Algeria becomes an oasis of calm

BY FRANCIS GHILES

WEDGED between Tunisia and Morocco, both recently torn by violent riots, Algeria appears an ocean of stability. President Cbadli Bendjedid, wbo bas just won a second five-year mandate, is liked and respected by bis countrymen, who affectionately call bim "Jeff Chandler" because of bis white mane.

During his first term as President, M Chadli has not adopted the high international profile of M Houari Boumedienne, his predecessor, and has avoided lecturing the world on North-South issues. The rhetoric of revolution has given way to more rounded language and to the type of behind-the-scenes diplomacy which resulted in the release of the U.S. hostages in Iran.

At home, where the President spends most of his time, economic policy has been reassessed. More emphasis has been laid on meeting the social and housing needs of the 22m population rather than pouring money into heavy industry. Private entrepreneurs, outcasts in M Boumedienne's time, are now being encouraged so long as their activities do not endanger the state sector. Life is brighter in a country which suffered a bitter war of liberation against France and great austerity during the 1960s and 1970s. The cities have been cleaned, apartment blocks painted and new private shops and restaurants are open. The power of the security forces bas been curtailed.

President Chadli has slowly, quietly and effectively consolidated bis power base since 1979. Many of the barons of the Boumedienne era, such as M Abdelaziz Bouteflika, the former Minister of Foreign Affairs and M Belaid Abdelessalam, the economic overlord for over a decade, have now gone.

Senior military regional commanders have also been retired and younger officers appointed, but the army remains loyal and and a guarantor of peace. The long war of liberation means that a form of osmosis still exists between the army and society. Many Algerian officials fought as guerrillas with the Front de Liberation National, still the ruling party, and retain close personal links with senior officers. The younger officer corps is very professional.

But when senior officers such as M Selim Saadi, the Minister of Industry decided to switch to a civilian career they eschew their title and uniform and concentrate on getting on with the job.

President Chadli's new team points towards peaceful continuity. His new Prime Minister, M Abdelhamid Brahimi, bas been Minister of Planning since 1979 and instrumental in seeing through the economic changes.

The team also includes some people who held high rank under Boumedienne, and did not fall into disgrace after 1979: M Taleb Ibrahimi, the Minister of Foreign Affairs, M Mohamed Hadj Yala, the Minister of the Interior. Others are rising fast, such as the Minister of Information, M Bachir Rouis and the Minister of Planning, M Ali Oubouzar.

Those who have been cast aside, especially in the major state companies, are a grievous loss, however. They fought in the war of independence and built the industrial base of the new Algeria in daunting circumstances. It will be impossible to equal their faith and energy, whatever mistakes they may have made.

Equally important for stability in the long term has been the way M Chadli has handled the Moslem fundamentolists and those seeking greater expression of Berber identity. Until autumn 1982, *security officials* appeared to be treating fundamentalist groups, which had been very active at the University of Algiers and Constantine, with kid gloves.

But following a hold-up 15 months ago in a military barracks at Cape Djinet, east of Algiers, the full weight of the security apparatus fell on the fundamentalist group and a number of trials followed.

The Berber problem, which provoked very serious trouble in Tizi Ouzou, the Kabyle heartland, in 1980, has been quiescent since the authorities allowed television programmes about the Berbers to appear and gave more weight to the country's historical tradition.

During the FLN party conference a month ago, for instance President Chadli told the 5,000 delegates that

President Chadli

Algerian history went back before the Arab invasion; Arab values were all very ..., ... the country's identity was shaped when the Berber King Massinissa opposed the Romans, 2,200 years ago. The Berbers, who refer to themselves as Amazighs or free men formed the true basis of Algeria's people, he said. Such a speech would have been inconceivable five years ago.

M Chadli's rule has been con*solidated* by other factors: thanks to the gamble in developing natural gas a decade ago, Algeria's oil and gas income has been steady since 1982 — it brought in $12.7bn last year. The foreign debt has also held steady, giving the authorities a free hand to make changes in the running of the economy without outside interference.

On the foreign front, the rapprochement with France has so far been to Algeria's benefit. Relations with Tunisia have improved considerably, while those with Morocco are less icy, despite the total lack of progress on the Western Sahara issue.

After the years of feverish international diplomacy of the 1970s, the past five years may appear less exciting, even somewhat dull. But reining in foreign debt, putting the economic house in order and trying to ensure less wasteful management are essential if Algeria is to face the challenges of a fast-growing population, poorly-managed agricultural resources and a lower income from oil and gas.

As the U.S. hostage crisis four years ago underlined, Algerian diplomats are capable of pulling *off* remarkable coups. The country's voice is heard more often in the councils of the world than either its oil wealth or its population warrant. President Chadli can look forward to a second term which will present many challenges, but in the knowledge that Algeria has at least an even chance of meeting them, something which most of his Arab peers cannot do.

Iran renews shelling of Iraqi border towns

BY OUR MIDDLE EAST STAFF

IRAN continued its shelling of Iraqi border towns yesterday, according to a military spokesman in Baghdad. He said that the southern port of Basra again came under attack together with the towns of Mandali, Khormal and Khanaqin in the central sector.

In Iran, President Ali Khameini repeated his threat to close the Straits of Hormuz, througb wbich nearly 20 per cent of the non-communist world's oil supplies are transported.

"I hereby declare that oil must be used as a weapon against the common enemies of Moslems . . . the closure of the Straits of Hormuz will bring to a stop the wheels of Western industries. We now hold this weapon," he said.

Although there were no early reports yesterday that Iraq had resumed its missile attacks on Iranian cities, officials of the Mitsui company in Tokyo said they may be forced to halt work on the $3.5bn petrocbemicals complex at Bandar Khomeini at the northern end of the Gulf.

Two Iraqi aircraft were reported to have attacked the plant yesterday with rockets and to have inflicted some damage but no casualties among the workforce.

Mary Frings writes from Bahrain: about 30 people are now believed to have been picked up for questioning in Bahrain, following the discovery of an arms cache two weeks ago.

A second Bahraini has appeared in court confessing to membership of an illegal political organisation which "receives its orders from foreign quarters" according to an official statement. The Bahraini authorities have studiously avoided any public reference to Iran.

The accused is the head of a local Shia religious group, the Islamic Enligbtenment Society, but the charge refers to an organisation called the Central and Ideological Committee.

Oman economy grows 5% despite fall in oil prices

BY STEWART DALBY IN MUSCAT

DESPITE an estimated drop in prices of 20 per cent for its oil over the past 18 months, Oman's gross domestic product still managed to grow by 5 per cent in notional terms last year.

Oil accounts for 96 per cent of Oman's exports and over 80 per cent of government revenues. Budget figures for 1984 just released, however, project total expenditure of about Rials 1.8bn (£3.6bn)—an overall increase of 7 per cent. Defence which accounts for 44 per cent of total expenditure is scheduled to rise by 10 per cent.

The effect of tighter revennes has led to a cut in the development budget from OR 362m in 1983 to OR360m this year and a cut in oil development spending from OR135m to OR100m. No major infrastructural or development projects will be cut though there will be a reduction in spending in some areas.

Oman bas been able to keep its spending up and its economy growing by increasing oil production. Last year output was 385,000 barrels per day (bpd) against a ceiling of 400,000 bpd. In 1982 production was 330,000 bpd.

This year a ceiling of 450,000 bpd has been set, and reserves are put at 3bn barrels, enough for 30 years at current production levels.

Manila plans sweeping financial sector overhaul

BY EMILIA TAGAZA IN MANILA

SENIOR Pbilippine fiscal and monetary officials indicated at the weekend that the country's four-month-old trade and exchange controls would continue up to 1986, that there would be further credit-tightening, and that a sweeping overbaul of the financial sector was in progress.

Mr Cesar Virata, the Prime Minister and finance minister, said: "We must face the issue of more restricted imports, and this should be realised by our people."

The planned continuation of the present exchange control system means the Central Bank will continne to hold all foreign exchange receipts and then disburse them to various foreign exchange users in accordance with prescribed priorities. The last year for controls, 1986, is also the last year for the proposed external debt rescheduling

Referring to the need to fuprther tighten the squeeze on liquidity, Mr Jose Fernandez, the Central Bank governor, said that "We bave to be realistic with wbat we can afford." In line with commitments made to the International Monetary Fund (IMF), last October the Government started limiting the growth of money supply and domestic credits.

Taiwan's busy exporters face strong challenges

BY BOB KING IN TAIPEI

TAIWAN'S exporters are back to booming business as usual, after a slow two years that saw many companies fold but which, in the final analysis, did not severely damage the economy.

But strong challenges are facing this country's exporters, especially in the U.S. Mounting protectionist sentiment there has found ready ammunition in the nearly $7bn (£5bn) surplus Taiwan piled up in its trade with the U.S. last year.

Taiwan is also struggling to expand its trade with Europe. The Government argues that diversification will help avoid undue reliance on the U.S., which last year took 45 per cent of Taiwan's exports.

But they also hope increased European trade will promote more substantive political ties with the European Community, which has largely frozen out Taiwan in diplomatic terms.

Despite a Government mandate to improve trade with Europe, protectionism, low demand, and the devaluation of European currencies against the new Taiwan dollar (more or less pegged to the U.S. dollar), held export growth to a minimum last year.

The total value of Taiwan's imports and exports last year exceeded $45.4bn, which represented a growth of $1.3bn, or roughly 10.5 per cent, over that of 1982.

Exports climbed by 13 per cent to more than $25.1bn, and imports increased by 7.4 per cent to nearly $20.3bn. Taiwan was thus left with an overall trade surplus of almost $5bn.

The Government is predicting an even bigger bonanza next year. It has projected overall trade of $53.7bn, with exports at $29.4bn and imports at $24.2bn. If this projection is borne out, 1984's surplus will reach $5.2bn.

In fact, the recovery in Taiwan's trade, especially its exports, has come came faster than even the most optimistic economists predicted.

Most had said that a recovery would lag six months behind any pick-up in consumer spending in the U.S.

But Taiwan's manufacturers began feeling the increased demand almost immediately, because foreign importers moved quickly to fill depleted inventories almost as soon as new orders started coming in.

But troubles loom on the horizon for Taiwan's largely export-oriented industry. Representatives of the U.S. Congress, politically alarmed in an election year over the mounting trade deficit with this country, and concerned about Taiwan's reputation as a major centre for counterfeiting, have been threatening sanctions, such as the removal of preferential tariffs on certain goods.

These threats have, in turn, prompted promises to purchase more American goods in an effort to narrow the trade gap, and a more vigorous pursuit of counterfeiters.

Rice, the traditional Taiwanese staple, also could harm bilateral relations. A Taiwan Government programme of subsidies to rice farmers brought prices of Taiwanese rice well below those of U.S. rice on the international market earlier this year.

U.S. rice growers therefore, brought a complaint to the American Government. Although Taiwan does not export its rice to the U.S., the controversy provides protectionists in Congress with still more ammunition.

Thus, Government sentiment currently favours increased buying from the U.S., but ironically this comes at a time when Taiwan is trying to expand its ties with the EEC.

Taiwan lost enormous face recently when the Dutch Government refused to approve the sale of four submarines to Taiwan. The purchase would have at least partially financed the completion of two similar ships the Taiwanese ordered two years ago from a Dutch shipyard.

Those ships were destined primarily to train Taiwan's navy on anti-submarine surveillance and would not, in any case, prove a major deterrent to a determined assault by Peking in the island.

Rather, they were building-blocks to better relations with the Dutch—for which Taiwan had promised an annual increase in purchases of 40 per cent over 1983's $217m. Last year's purchases already represented an increase of nearly 38 per cent over 1982.

But Taiwan is unlikely to give up on the EEC simply because of one set-back. It will expand its reciprocal air-links with the Netherlands, and will increase its efforts to attract European trade offices and financial institutions.

Denmark last year joined 10 other European nations with trade offices in Taipei, and three new European banks—Amro Bank of Holland, Banque Nationale de Paris and Crédit Lyonnais—have either opened branches in Taipei recently or plan to do so soon.

Taiwan's efforts to increase its European trade have paid off to some extent. Its exports to West Germany were up 8 per cent last year, giving Taiwan a trade surplus of $159m, compared to nearly balanced trade in 1982.

Exports were also up to the UK (17 per cent), the Netherlands (16 per cent), and Belgium (3 per cent). Exports slumped sharply to France (15 per cent) and Italy (12 per cent) during the period.

Nevertheless, total trade with these six European nations last year left this island nation with a trade surplus of $547m.

Tougher time ahead for European exporters

BY OUR TAIWAN CORRESPONDENT

TAIWAN'S imports from six major European nations increased by about $50m (£35m) last year, reflecting an across-the-board pick-up in economic activity.

Nevertheless, imports from the six—West Germany, the UK, the Netherlands, France, Italy and Belgium—accounted for only about 9 per cent of Taiwan's $20.3bn in purchases, down from 9.4 per cent a year earlier.

Taiwan's attempt to mend fences with the U.S. over the widening trade gap, which left Taiwan with a nearly $7bn surplus last year, plus strong competition from Japanese suppliers, will probably lessen the chances of European suppliers of goods and services to this nation over the next few years.

But that probability could be cut significantly if Taiwan allows international bidding on several major infrastructural projects coming up, and if European suppliers should prove aggressive in promoting their wares.

For instance, the economic recovery last year caused the Taiwan Government to reactivate several major projects. The country plans to instal 12 large incinerator plants and to begin constructing a metropolitan rapid transit system in Taipei—occasioning construction contracts and tenders for railway switching and control systems.

The Government will also open bidding for wastewater-control and processing systems early this year for a pork-processing plant in southern Taiwan. China Steel's third-stage expansion could also offer opportunities for European suppliers of heavy equipment.

Taiwan power may also revive plans for its fourth nuclear plant this year.

Telecommunications also offers tremendous potential, especially in digital-switching and transmission networks for computerised data.

Czechs plan to spend $100m with West to improve car industry

BY LESLIE COLITT, RECENTLY IN PRAGUE

CZECHOSLOVAKIA plans to spend more than $100m (£71m) on Western imports to modernise its automobile industry and is informing Western suppliers of its precise needs.

Industrial robots, transfer lines and paint shops will be required from the West in order to produce a new front-wheel drive Skoda car, to be introduced in 1987.

Mr Andrej Barcak, e director of the Motokov foreign trade corporation in Prague, claimed British automotive supplies were slow to respond to notification by the Czechs.

He said that after the West German commercial attaché in Prague had made the rounds of the chambers of industry and trade in West Germany, German companies were now doing much of the preliminary work for "our purchasing people."

Potential British suppliers were informed of Czech needs through the automotive working group in the Czechoslovakia-UK joint trade commission.

They are said to have better chances of selling licences to the Czechs for components such as brakes and lighting than for equipment.

Mr Barcak noted, however, that British suppliers could get sizeable orders as these would be linked with the hard currency eerned by exporting Skoda cars to the West.

Some 11,000 Skodas were sold in Britain lest year compared with fewer than 5,000 in West Germany. He qualified this somewhat by adding: "We will buy where we can get the best credits and price."

The required car industry equipment, one of the largest single import items in the current five year plan, cannot be purchased, he said, with existing Western lines of credit to Czechoslovakia.

Mr Barcak previously headed Skoda's sales organisation in Britain. He noted that West Germans were in constant touch with prospective Czech purchasers and, he maintained, fielded better representatives.

West German exports to Czechoslovakia last year stagnated at DM 1.4bn (£358m) while imports from Czechoslovakia were up 7 per cent to DM 1.8bn.

Austria, Czecholsovakia's second-ranking Western trade partner after West Germany, experienced a fall in exports to Czechostovakia of somo 10 per cent last year from the 1982 level of Sch 4.3bn (£156m).

Imports from Czechoslovakia rose by approximately 1.5 per cent from the 1982 level of Sch 7.2bn.

UK exports to Czechoslovakia last year amounted to £69.4m, according to Department of Trade statistics. This was the same as in 1981 and a drop in real terms. Czecholslovak exports to the UK however, rose from £82.5m in 1982 to a record £101m last year.

ECGD's financial position secure, says Minister

BY OUR TRADE EDITOR

THE FINANCIAL position of the Export Credits Guarantee Department is secure despite an imminent cash deficit, Mr Paul Channon, Trade Minister, claimed yesterday.

Mr Channon, who is the Minister responsible for the ECGD, said that the department's borrowing from the Consolidated Fund ehould he viewed "in the light of ECGD's enormous assets—well over £800m."

"Many of these assets are backed by formal international agreements and no country has ever defaulted on such commitments."

The Department is expected to run out of cash reserves by the end of next month and the deficit, the first for over 30 years, could persist for two years. Officials are privately forecasting that the "overdraft" with the Consolidated Fund could climb to £200m or £300m before abating.

The Minister's reassuring statement yesterday can be seen as an anticipeting attempt to allay fears that the Department will become a charge on the taxpayer.

Mr Channon told City members of the Export Guarantees Advisory Council that the possibility of the Government's export insurance agency becoming a borrower "was always envisaged" by those who created it. It had been a borrower in the past without causing embarrassment, he said.

Much will depend on the successful negotiation of a refinancing of Nigeria's trade arrears, where the ECGD faces claims of between £600m and £800m. Mr Channon observed: "We must all hope for a speedy resolution of Nigeria's problems."

Following pressure from MPs and the Treasury, the Department has for the first time made a small provision against sovereign debt in its accounts. But, as Mr Channon said yesterday, it regards outstanding country deht as part of its asset base and expects interest on overdue payments to cover the major part of its domestic borrowing requirement.

Rhone Poulenc in crop-seed joint venture

By David Marsh in Paris

RHONE POULENC, the French state-owned chemical group, is launching into the fast developing sector of crop seed production by starting a joint research venture with the specialised U.S. company Seedtec International.

Rhone Poulenc is already present in a number of other agricultural sectors. The step will give it a presence in an area where new seed varieties with potentially revolutionary implications for fod production are now being created, thanks to genetic engineering techniques.

Seedtec is a subsidiary of Kay Corporation, the U.S. vegetable oil group. The initial plan is for Rhone Poulenc to collaborate in sunflower research at Seedtec's two seed selection units at Woodland in California and Fargo, in North Dakota. Later Rhone Poulenc hopes to set up seed research centres in France and possibly other European countries.

Gambro signs U.S. open-heart equipment pact

By David Brown in Stockholm

GAMBRO, the fast-growing Swedish maker of kidney dialysis equipment, has signed a distribution agreement with Sterile Designs of the U.S. to market equipment used in open-heart surgery.

Gambro has announced an immediate increase in employment of some 50 per cent in its facility producing heart-lung equipment and its newly-introduced bubble oxygenator. It expects to win 5 per cent of the U.S. market within 12 months, said Mr Lennart La Fleur, a company official. The U.S. accounts for about half the total world cardio vascular market worth about $350m (£250m).

Gambro has a 20 per cent world market share in kidney dialysis equipment, but its cardio vascular production now makes up only a minor part of total sales. Expansion in this field is "a logical diversification," Mr La Fleur said.

Fujitsu prepared to make magnetic discs in U.S.

BY YOKO SHIBATA IN TOKYO

FUJITSU, Japan's leading computer manufacturer, says it is prepared to manufacture large-capacity magnetic disc systems in the U.S. The plant site, and a production date have yet to be decided, e company official spokesman said.

However, Fujitsu has a 24-per cent stake in the Amdahl Corporatioo of Sunnyvale, California, and also operates a U.S. marketing subsidiary, Fujitsu America, in Californie. The company says it is preparing for the start of production by 1985.

Fujitsu's U.S. plant is expected to manufacture the disc systems with memory capacity of 300-400 megabytes to respond to demand from the U.S. computer peripheral equipment makers.

The magnetic disc systems produced in the Fujitsu U.S. plant will be provided to Amdahl, the NCR Corporation, and Memorex.

The size of export market of large-capacity magnetic disc systems in fiscal 1983 ending in March is expected to reach Y40bn (£120m), doubling the previous year's level. A further 30 per cent growth is expected in the fiscal 1984.

Fujitsu's U.S. production should boost the company's market share in the world large-capacity magnetic disc systems to 17 per cent from 12 per cent in 1983.

Arrests in crackdown on hi-tech exports

By Terry Dodsworth in New York

U.S. OFFICIALS leading the crackdown on the drain of technology and military equipment to the Communist bloc are claiming a major coup with the arrest of five men in New Jersey.

The five were said to be conspiring to smuggle $1bn worth of classified high technology military equipment to China for use in missile guidance, radar jamming and electronic surveillance. They were arrested after an elaborate investigation ending in a staged meeting in which an undercover agent was given a shopping list of 14 items.

Mr Patrick O'Brien, an assistant commissioner for enforcement with the Customs Service in New York, said after the men were taken into custody thet it was "clear" they were planning to divert the equipment through Hong Kong to Peking.

He added that one of the men, Mr Da-Chuan Zheng, was a citizen of the People's Republic of China and had ties with the country's military, although he was now living in Hong Kong. Mr Zheng was claimed to be using his Hong Kong company as a front for his illegal operations.

The arrests follow moves by the present administration to step up controls over all types of high technology equipment leaving the U.S. last year, three federal agencies, the customs service, the Federal Bureau of Investigation and the Commerce Department, put together operation exodus, a programme aimed at curbing the flow of technology and military secrets overseas.

According to Mr O'Brien, the case started when Mr Kuang-Shin Lin, a native of Taiwan who was working for AT and T information systems, emerged as a buyer for 100 transverse wave tube amplifiers, equipment that is sold only to Nato countries.

An undercover agent posed as an arms supplier willing to sell this equipment, establishing contact with Mr Lin and other members of the group that has been charged. Meetings in restaurants and cars were videotaped, and led finally to the rendezvous on Saturday night at which Mr Zheng was arrested.

Reagan maintains clear lead in polls

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan continues to show a clear lead over his two main Democratic rivals in his bid for re-election, according to the latest opinion polls. A Newsweek magazine survey published yesterday showed him beating former Vice President Walter Mondale by 53 to 43 per cent and Senator John Glenn of Ohio by 56 to 40 per cent.

The figures were in line with a Los Angeles Times poll published at the week-end, which showed Mr Reagan beating Mr Mondale by 50 to 42 per cent and Mr Glenn by 51 to 35 per cent. Both polls appeared to undarmine Mr Glenn's claim that ha is better placed than Mr Mondala to defeat Mr Reagan in November.

The Newsweek poll showed that most voters regarded economic issues as far more crucial than events in the Middla East, which was described as the most important issue by only 6 per cent of the respondents. A substantial 63 per cent said that it was "highly likaly" that Mr Reagan would be re-elected.

The poll fonnd that 62 per cent of the voters wanted the U.S. marines withdrawn from Beirut. It was conducted, however, before Mr Reagan's announcement last week that tha marines would be pulled back to ships offshore.

The Newsweek pollsters concluded that, barring major marine casualties before the pullback is complete, the political risks for Mr Reagan in Lebanon seemed manageable.

Mr Mondala continned to run far ahead of the pack in the eight-strong Democratic field, with 54 per cent support from Democratic voters. Mr Glenn was a distant second with 16 per cent, followed by Rev Jesse Jackson with 10 per cent. No other candidate received more than 3 per cent support.

Duvalier 'victory'

PRESIDENT-for-life Jean-Clauda Duvalier of Haiti was assured of an overwhelming majority in the new 59-seat National Assembly after Sunday'a elections from which opposition candidates were effectively debarred.

European officials detect softening on U.S. deficit

BY DAVID HOUSEGO IN PARIS

EUROPEAN Governments were yesterday encouraged by what they detected as a somewhat greater readiness by the U.S. administration to concede the need for further cuts in the American budget deficit.

Both Mr Beryl Sprinkel, U.S. Under secretary for Monetary Affairs at the Treasury and Dr Martin Feldstein, the President's Chief Economic adviser, were said by European officials to have spoken in similar terms about the needs for cuts in the deficit at a private lunch at the special Ministerial conference of the Organisation for Economic Co-operation and Development (OECD) that opened in Paris.

The apparent harmony of views over the deficit is in sharp contrast to the recent conflicting statements in Washington between Dr Feldstein and Mr Donald Regan, the U.S. Secretary for the Treasury. Mr Regan was to have attended the OECD conference but withdrew a week ago.

The private statement of U.S. views yesterday was also in contrast to the rebuff that deputy finance ministers from the Group of Five leading industrialised countries got in Washington last month when they pressed on the U.S. the need for further cuts in the deficit to help ease interest rates.

Though European officials yesterday clearly welcomed the change in tone, they were uncertain whether it signalled any change of policy. They noted that Mr Sprinkel and Mr Feldstein disagreed in their private assessments of the future of the dollar. Mr Sprinkel did not see how it could fall in the near future while Mr Feldstein believed there would be a weakening.

The private lunch for Ministers and senior officials to discuss the impact of current policies was arranged as part of a two-day OECD conference on longer-term issues of economic growth. Most delegations from the 24-member industrialised nations were agreed on the need to cut Government spending and budget deficits.

But M Jacques Delors, the French Finance Minister who originally proposed the meeting, warned that there were dangers in going too far. He said that discussion was needed on the quality of public spending to maintain investments—such as urban rehabilitation—that safeguarded the future.

Mr Peter Rees, Britain's Chief Secretary of the Treasury, told the conference that budget discipline was not incompatible with economic growth as witnessed by the 3 per cent annual rise in real GNP Britain enjoyed this year and last.

'Agent Orange' deaths reported in Brazil jungle

BY ANDREW WHITLEY IN RIO DE JANEIRO

AT LEAST 50 people are believed to have died over the past three years in the interior of Para state, in Northern Brazil, as a result of poisoning from the herbicide containing "Agent Orange," the defoliant used by the U.S. during the Vietnam war.

The herbicide, manufactured largely by the U.S. multinational Dow Chemicals, was used over a 300-yard wide strip of jungle, 125 miles long, along the planned route of a new electricity transmission trunk line.

The poison was carried by water and air well beyond the planned strip, affecting in particular the residents of a small town of Tailandia, near the Tocantins River.

Spontaneous abortions by 31 pregnant women are blamed on the herbicide, sold in Brazil under the brand names Tordon 151 and 155. Over 5,000 domestic birds and animals have apparently also been poisoned.

In Tailandia, vegetation and wildlife has either been destroyed or is producing abnormalities, and an agronomist who is leading the campaign to publicise the disaster believes effects could last at least ten years.

News of the tragedy was broken over the weekend by the mass circulation daily "O Globo" whose journalists had accompanied the investigations of a team of scientists from the federal Special Secretariat for the Environment.

According to the newspaper, the tragedy resulted from the careless application of the highly toxic herbicide by a company contracted by Eletronorte, the electricity supply utility for Northern Brazil, to clear the vegetation along the route.

The Environment Secretariat in the Para state government have apparently been denouncing the disaster for months, but until this weekend's publicity nobody seems to have taken their claims seriously.

Terry Dodsworth, in New York, wonders whether competition is causing standards to slip

Free-for-all in the air creates safety concern

IN MID-DECEMBER, Air Illinois, a small U.S. commnter airline, was grounded for safety reasons. In early January, another commuter service, Air Vermont, voluntarily ceased operation, and Freedom Airlines from Cleveland stopped flying four of its aircraft. At the same time, Global International, a Kansas City charter airline which had already filed for bankruptcy, was grounded by the Federal Aviation Administration because of its inadequate maintenance, operating and training record.

It is highly unnsual in the U.S. for the anthorities, or the airlines themselves, to ground so many aircraft in such a short period: indeed, in some years none have been grounded at all. The FAA, the administrative agency in chargo of safety in tha U.S. industry, says the recent series of moves is purely coincidantal and certainly no indication that the airlines are allowing their standards to slip.

Tha industry'a critics, however, are not so sure. The FAA, like othar government watchdogs, has been reducing costs and staff under pressure from the present deregulatory Administration. At the same time, the 1978 deregulation Act, which allowed new carriers to enter the industry much more freely, threw open all routes to everyooe and allowed a prices free-for-all, has been making its impact.

In the new competitive environment, airlines have been forced to trim expenditure wherever possible. Safety, it is argued, most forcibly by the pilots, is one of those intangible factors that can easily be pruned. The general public is not aware of the danger nntil it is too late. Meanwhile, the increased number of carriers has put further strains on the FAA.

Mr Henry Duffy, president of the U.S. Air Line Pilots' Association, told the House of Representatives' aviation subcommittee reccotly: "Instead of actively pursuing the highest degree of safety, it appears to us that, both in tha nama of and as a result of deregulation, our safety cushion has become somewhat deflated. The Government has allowed this to happen." Mr Duffy is now arguing for some measure of re-regulation of the industry.

Until the beginning of 1982, he says, the Air Transport Association had seen 26 fatality-free months. In the subsequent 12 months, there were five fatal aircraft accidents, with a total of 236 deaths. "Two of these fatal crashes have been associated with deregulation," be adds.

The pilots' concern for safety is undoubtedly genuine. But they also have a special axe to grind. More than any other employee group they are suffering financially — in relative terms, at least—from the competitive new era which dawned with deregualtion: some pilots' salaries have dropped to under $50,000 (£35,460) a year from at least double that as airlines have forced them to renegotiate contracts which had made them among the best-paid workers in the U.S.

There are pleoty of critics of the pilots among airline managements, who point out that the idea of putting a regulatory floor under prices may not be unrelated to the notion of establishing a similar floor noder wages. Managements also claim that they are working under exactly the same safety constraints as before deregulation. Mr Stepheo Quinto, for example, a pilot who founded North-eastern Internatiooal Airways only two years ago on the Florida-New York run, says that hia company is uoder as atrict a surveillance aa any he has known. "There has been no change in operating specifications since deregulatioo. We have inspectors attached to us from the FAA just as we would have had before."

The FAA also stresses that last year produced particularly good safety figures for the small commuter lines which have attracted a lot of the criticism, and on which the groundings bave been concentrated. The statistics show fewer accidents last year than at any time since the figures began to be collated in 1975.

Even so, the jury is still out on tha issue, and clearly will remain so until the airlines bave settled down into their post-regulatioo shape. As the pilots point out, the FAA standards only set a safety minimum which many airlines have voluntarily exceeded in the past—often because of union pressure; and the established companies have a wealth of experience in their workforces which the newcomers cannot hope to match.

In the new enviroomeot, the biggest question mark hangs over looger working hours—an issue to which the flying public is now fairly alert. Shortly after Continental Airline filed for Chapter 11 bankruptcy last year (a system that allows it to cootinue running temporarily), and forced its workers to accept tough wage concessions, one of its airlioers mistook its laoding run on a snow-bound airport in Denver, and touched down oo a taxiway.

Although the initial reaction was to blame long working hours for the error, it now seems that it was caused by excessive glare on a peerlessly sunoy day when the runway markings were hidden under the slush. But the level of public interest raised by the incident shows that the safety issue will not quietly disappear.

Board reshuffle follows nuclear plant inquiries

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH Nuclear Fuels (BNFL) will today announce a boardroom reshuffle and accelerated expenditure on the discharge system into the sea nf effluent from its Sellafield factory.

The factory, formerly called Windscale and in oorth-west England, handles the processing of nuclear waste. Last November, radioactive discharges from the factory contaminated the Irish Sea and the public had to be warned to keep away from local beaches.

BNFL's announcements today will coincide with the publication of two government reports into the incident. The company will also be publishing the conclusions and recommendations of its own internal inquiry.

It is understood that the three reports are in broad agreemeot both about what happened and what should be done to prevent a recurrence. All parties see the incident as a serious misdemeanour by BNFL.

The company is rearranging its investment priorities to speed more quickly on the seaboard end of the effluent system at Sellafield.

Although this part of the factory is about 30 years old, it had been given low priority in the £1bn, investment programme to refurbish the Magnox nuclear fuel activities.

Of the £1bn, BNFL estimates that it had authorised an investment of £534m, on radioactive waste management at the factory between 1973–83. Of that investment, £281m, bas already been spent.

A total of £139m bas been aimed specifically at reducing the environmental impact of discharges nf radioactive effluent and emissions. Of that, £109m, bas beeo spent.

BNFL plans to bring forward a capital expenditure of about £12m, relating to the total renovation of the low-activity effluent treatment system where last November's accident occurred.

The company has already taken several actions to prevent any recurrence. It bas sealed the system to prevent any traces of highly radioactive material finding their way into the low-activity discharge system, and then into the sea.

Much of the £12m may be needed to instrument fully a system which has been found to bave depended unduly in the past on administrative arrangements.

Hundred-share index 'goes live'

A new index based on minute-by-minute share price movements of 100 leading companies was launched yesterday. Barry Riley explains how it came about.

EVERY day since January 3 a team of a dozen price reporters has been in constant action on the floor of the London Stock Exchange, monitoring the share prices of the one hundred most highly capitalised companies listed on the London market.

Each price change has been almost instantaneously keyed into one of 10 price input terminals arranged around the trading floor. The information has been used to generate a minute-by-minute index of share prices – until this week on a trial basis.

Yesterday the FTSE 100 Index went "live." At 9.35 am it became available to all subscribers to the stock exchange's electronic information system, Topic.

The FTSE 100 Index has been created because of the requirement of Liffe, the London financial futures market, for an index which could support a new futures contract based upon the UK equity market.

In the U.S., trading in stock index futures bas been a resounding success, and the introduction of a similar instrument in London is imminent. An announcement was due to have been made yesterday, but was temporarily postponed until some technical points about the impact of stamp duty have been clarified.

Two major indices of prices on the London stock market are already well established. They are the FT Industrial Ordinary Share Index, covering 30 shares, and the FT-Actuaries All-Share Index, a much more comprehensive indicator which is currently based upon as many as 747 individual shares.

The first is designed to give a frequent (bourly) picture of how the market's leading stocks are moving. The second is constructed to provide a daily (market closing) measure of the overall level of the market so that portfolio managers can make performance comparisons.

It was decided, however, that neither of these indices suited Liffe's particular needs. A key requirement was that the index should be "real time," that is, calculated as instantaneously as possible.

A possible solution would have been to turn the FT 30-Share Index into a real time index. The volatility of the 30-Share Index also commended itself to the futures dealers, who expect to do more business when the market indicators are moving rapidly. For the same reason, they were unenthusiastic about such a broad index as the All-Share, which tends to move comparatively sluggishly.

But there was another important factor for Liffe to consider. Stock index futures will allow investors to hedge against future movements in the equity market. The big institutional investors will find this satisfactory, however, only if the index upon which the contract is based moves in line with the value of a typical institutional portfolio.

This consideration made the FT 30-share Index unsuitable on two counts. It is an unweighted geometric index, which is not intended to move as a real portfolio of 30 shares would. And moreover its constituents are drawn from the industrial sectors rather than from the market as a whole – there are no banks or insurance companies in the thirty.

In contrast the All-Share Index is a weighted arithmetic index which mirrors a real portfolio's performance. But turning this into a real time index by continuously monitoring 747 share prices would have been a daunting task. It was not judged to be a practical proposition.

Eventually, therefore, it was decided to create a new index which would be precisely tailored to Liffe's needs. It would be of weighted arithmetic construction. And it would strike a new compromise at 100 constituents.

Detailed plans were drawn up towards the end of last year. The basis of calculation is much the same as is used for the F.T.-Actuaries All-Share Index, and the initial constituents were simply the top 100 stocks in terms of market capitalisation

The base level was set at 1000, as at the close on the last trading day of 1983, December 30.

It was found that congestion at the start of trading at 9.30am made it desirable to delay the first index calculation until 9.35am. From then nn, the computer operates at one-minute intervals. For 60 seconds it monitores the price changes which are being continuously collected from the jobbers and keyed into the terminals. Then it recalculates the index – a process which takes about 2 seconds.

Calculation continues well after the official close. Jobbers leave the trading floor at 3.30 pm, but continue to trade by telephone from their offices. Normally the index closes between 5.10 and 5.20, but the exact timing depends on the level of activity of the jobbers, and in exceptional circumstances the computer could continue in action after 5.30.

The lowest closing level of the FTSE 100 so far has been the 997.5 set on its first day, January 3. The closing high point was 1075.9 on January 27. The intra-day extremes are naturally a little wider then these – 993.3 at 9.42 on January 4, and 1077.8 at 9.50 on January 30.

Hewlett-Packard to invest £10m in British operations

BY GUY DE JONQUIERES

HEWLETT-PACKARD, the U.S. electronics group, plans to increase employment at its operations in South Queensferry, near Edinburgh, from 800 to about 1,500 by 1988.

About 300 of the jobs will be created at a newly formed division which will make microwave communications products. The project will involve a total investment of about £10m over the next few years and will employ 100 people by the start of next year.

The business is intended to meet demand for mobile radio and cellular radio-telephone test equipment throughout Western Europe. It will initially make products developed mainly in the U.S., but Hewlett-Packard expects it to build up its own engineering and development facilities.

The other jobs will come from an expansion of Hewlett-Packard's existing telecommunications activities. The company is completing a £5m, 100,000 sq ft extension to its factories in South Queensferry and says that it will need to add a further plant of similar size in the next three years.

The company coupled its announcement with a warning that Britain would face a severe shortage of trained electronics and computer personnel by 1987. "Current levels of undergraduate intake fall far short nf projected demand," said Mr David Baldwin, managing director of Hewlett-Packard's UK subsidiary.

Urgent steps must be taken to increase the numbers of computer-literate graduates and to provide them with suitable equipment to train on. But Mr Baldwin saw little sign of any decisive action being taken.

Hewlett-Packard's UK subsidiary invested £14.7m last year, 67 per cent more than in 1982. The increase was partly responsible for a drop in its pre-tax profits to £12.5m from £13.8m on turnover of £203m (£168.8m). Hewlett-Packard's worldwide turnover was $4.7bn last year.

The company employs more than 2,200 people in Britain. As well as the South Queensferry plant, it has a software centre near Reading, Berkshire, and a computer peripherals factory near Bristol, where it is also setting up a research and development laboratory.

More than 80 per cent of output from South Queensferry and Bristol is exported. But because it still imports many components, the company does not expect to become a net exporter for another three to five years.

Cassette plant expands

BY ROBIN REEVES, WELSH CORRESPONDENT

THE 3M company of the U.S. is to invest a further £18m at its videotape plant in Swansea, South Wales. The investment is to expand output, reduce unit costs through greater automation and to improve product quality with computerised inspection techniques.

The expansion follows n £16m investment programme at the site over the past two years to triple output of 3M's Scotch brand videotape to 12m cassettes a year. By 1987, if plans are fulfilled, the plant will produce 47m tapes a year.

The factory employs 1,000 people and the company said the scale of the new investment would help to maintain jobs. The project has been given Welsh Office selective financial assistance.

● Intermagnetics, a subsidiary of Agra International, has announced that its factory at Wrexham, North Wales, is to begin manufacturing 3.6m video cassettes a year under its new Zimag label.

That follows its securing of a licence to produce VHS tapes from JVC, the Japanese patent holder. Since the Wrexham plant opened in 1982, it has manufactured bulk videotape only.

TV-am needs further £3m, auditors say

BY RAYMOND SNODDY

AN INDEPENDENT audit of the books at TV-am, the troubled commercial breakfast television company, has produced a "realistically optimistic" assessment of the company's future prospects.

Kleinwort Benson, the merchant bank, which was asked to carry out the audit found that £3m of new money was required to ensure the station's survival this year.

The bank declined to comment yesterday, but it is believed that its corporate finance team endorsed TV-am's figures on projected advertising revenues and cash flows.

Kleinwort Benson is financial adviser to Fleet Holdings, publishers of the Daily and Sunday Express newspapers. It is the largest single shareholder in TV-am and last year came to the station's rescue with £2m, which gave it a 20 per cent stake.

The bank was asked, however, to carry out the audit on behalf of all shareholders and to report findings to the entire TV-am board.

On Friday of last week the board agreed to what must be the last refinancing of the station after unions agreed to cost-cutting measures estimated to be worth £1.5m a year.

The extent of the company's financial plight became clear this month when it was disclosed that last year TV-am took £8m in advertising revenue against an original estimate of £20m.

Cabin crew reject offer

A MEETING of about 700 British Airways cabin crew yesterday voted overwhelmingly to reject the airline's pay offer and to authorise their leaders to call a 24-hour strike.

The decision means that BA's 4,500 cabin staff join its 6,700 engineering and maintenance workers who have turned down the same two-year pay deal and have been holding disruptive action.

A third group of employees voted yesterday to accept the offer. Agreement to the deal, worth 4 per cent this year and 5 per cent in 1985, cama from 4,800 ground services staff – including 2,000 ramp workers who staged a bitter strike in 1982.

There is no prospect of the 24-hour strike being called for at least the next few days. Officials of the Transport and General Workers' Union, to which the cabin crew belong, said it would take several days to contact all their members.

● THE GOVERNMENT should consider launching a television version of the BBC's external radio services, according to Mr Douglas Muggeridge, managing director of BBC External Broadcasting.

In a speech to be made in Los Angeles today, he suggests that the UK Government should urgently turn its attention to the international opportunities offered by new broadcasting technologies. The BBC had an estimated 100m regular listeners for its radio external services, but there was a question mark over how well radio could compete with the longer-term growth of satellite television.

● SCOTTISH miners are to vote next Monday on whether to go on indefinite strike to try to stop pit closures and to support the national pay demand by the National Union of Mineworkers.

Miners nationally are already banning overtime in pursuit of a higher award than the 5.2 per cent offered by the National Coal Board.

● FIDUNION-FRANCE, the second largest independent French national accountancy firm, is joining the international operation of chartered accountants Pannell Kerr Forster, which is based in the UK.

Pannell Kerr Forster, which ranks 14th worldwide with fee income of over £110m, has national member firms in 11 European countries. Fidunion-France, which consits of nine regional firms in France, has fee income in excess of FFr 100m (£8.3m).

● BRITISH AEROSPACE is to buy a flight simulator for pilot training on its 146 airliner as part of a £10m nrder for simulators placed with Rediffusion Simulation of Crawley, Sussex.

A second simulator, the first to be built for the BAe 146, will be delivered to Pacific Southwest Airlines, San Diego, California, in November next year. PS A has ordered 20 of the aircraft and has options on a further 25.

The Rediffusion simulator in California will also be used to train crews of other airlines flying the BAe 146 in North and South America.

● HANSON TRUST raised its bid for London Brick by £35m to £247m, but Mr Jeremy Rowe, London Brick chairman, "unanimously rejected this further and final offer."

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UK NEWS

Saab ends UK losses with profit of £2.4m

By Kenneth Gooding, Motor Industry Correspondent

SAAB (GB), the subsidiary of Saab-Scania of Sweden responsible for importing cars into the UK, returned to profitability last year. As a result, it is to pay its first dividend since 1975.

Saab (GB) made a pre-tax profit of £2.4m for 1983, compared with a loss of £832,000 in the previous year and a loss of £416,000 for 1981.

A dividend of £600,000 will be paid to the parent, the same as its last dividend.

The company's 1983 turnover was £82.8m compared with £57.26m the previous year.

Mr John Smerdon, managing director of Saab (GB), said yesterday that the satisfactory results had been achieved because Saab had not been forced to join in the "disorderly marketing" in the UK last year. Demand for Saab cars worldwide had outstripped supply.

Saab (GB) at the beginning of last year forecast car sales totalling 10,250 for 1983 but achieved 9,490. "We were under no pressure from the factory to meet our original objective because Saab could sell all the cars it could make," the company said.

In 1984 Saab expects to sell 10,500 cars in Britain.

Peace camp influencing Thatcher, claims Benn

BY OUR POLITICAL STAFF

MR TONY BENN, the left-wing former Labour minister wbo is seeking to return to parliament, yesterday welcomed the visit to Moscow by Mrs Margaret Thatcber, the Prime Mioister, for the funeral of Mr Yuri Andropov.

"For four or five years, the cold war propaganda has poured out of Downing Street and the White House and now it is changing," be said. "The campaign for peace which the Britisb Labour movement has been engaged in has now created a mood of public opinion which Mrs Thatcber cannot disregard."

Mr Benn, who lost his parliamentary seat at last year's general election, was starting his campaign to win a by-election at Chesterfield, Derbysbire, on March 1.

He said that the women who have made a "peace camp" outside Greenham Commoo air base in Berkshire, where cruise missiles are stationed, could claim much of the credit for Mrs Thatcher's decision to go to Moscow. "They have been a real testament to peace," he said.

Dr David Owen, the leader of the Social Democrat Party, speaking in support of Mr Max Payne, the SDP/Liberal Alliance candidate, said Mr Benn was the architect of the policies on whicb Labour had lost disastrously at the general electioo.

Mr Leon Brittan, the Home Secretary, opening the Conservative campaign, said that Mr Nicholas Bourne, the party's candidate, was the only real alternative to extremist policies.

Labour held the seat at the general election with a majority of 7,800 over the Conservatives. The by-election is caused by the resignation of Mr Eric Varley, a former Labour cabinet minister.

Scottish 'reefs' find buyer at £4,700

AN EGYPTIAN-BORN businessman said to have a passion for buying relics of British history, yesterday paid £4,700 for two tiny islands off the west coast of Scotland.

Potential buyers at an auction in London were told that the islands were not picturesque. "They are just rocks and one of them is probably smaller than this auction room," Mr John Barnett, the auctioneer said.

The buyer, 27-year-old Mr Oncy Nathan, whose father is a Presbyterian minister in Egypt, said he would bave bid up to £100,000. Last year he paid £6,000 for a disused Welsh lead mine and he is negotiating to huy Hadlow Castle, Kent, for £120,000.

The islands, Mas Sgeir and Sgeir Mhinig, off the west coast of Lewis, are both uninbabited and are considered little more than reefs by local people.

A Lewis resident said yesterday: "They are both useless bits of rock. I'm surprised that anyone would want to buy them. Sgeir Mhinig is under water most of the time with the Atlantic swells coming througb the channel. You'd need a wet suit just to stand on it.

"The other is just a pinnacle of rock with not a blade of grass. It would be difficult even to climb on to it."

Inquiries about the islands bad come from West Germany and New Zealand.

Labour's deputy leader adjusts the economic focus

Hattersley stakes his claim

BY PETER RIDDELL, POLITICAL EDITOR

MR ROY HATTERSLEY, deputy leader of the Labour Party, will this week emerge from bis winter hibernation.

Since the Labour leadership electioo four months ago – wbich be lost to Mr Neil Kinnock – Mr Hattersley has deliberately tried to keep out of the public eye. Sucb political reticence has been largely to allow Mr Kinnock to establish himself as the party's leader.

But later this morning Mr Hattersley will give the first of four speecbes that will stake out his position as the Shadow Chancellor of the Exchequer and, in the process, mark a shift in the empbasis of Labour's economic policy.

A radical departure from Labour's programme of last June sbould not be expected. That is partly because Mr Hattersley thinks that the basic strategy was correct.

The shift will be more in terms of presentation and priorities.

Unlike Peter Shore, his predecessor as Shadow Chancellor, Mr Hattersley will not be producing a detailed alternative budget, worked out with precise figures and tested on the Treasury's forecasting model of the economy.

Circumstances bave changed and such exercises bave little point several years ahead of the next general election. More significant, bowever, is the Hattersley belief that precise figures give ammunition to the Government, enabling ministers to distract attention from Labour's attacks oo their own policies.

Consequently, although in one of bis speeches he will urge a managed depreciation of sterling against the main European continental currencies, he will not specify, or even imply, any numbers.

Moreover, as Mr Kinnock conceded in a recent television interview, Labour suffered at the last general election because the public did not believe the party's targets were achievable.

Instead of a more detailed macroeconomic plan, Mr Hattersley will concentrate on a few themes, contrasting the Tory record with Labour's approach. He believes the time is past when Labour can merely claim that it is better at managing the economy – more efficient and more compassionate than the Tories. The polarisation of politics has meant the presence of a greater ideological conteot, which Mr Hattersley welcomes.

To update Edith Cavell, Keynesianism and demand management are not enough. And in that sense Roy Hattersley agrees with the Conservative emphasis on the supply side and on the need for structural changes in the Britisb economv.

He talks of attacking vested interests and increasing competition in the City of London and in industry. His references to the need to shake Britain out of its romplacency are, perhaps, reminiscent of the Harold Wilson 1963-64 vintage.

However, Roy Hattersley can point out that ooe of his last acts as Prices Secretary in 1979 was to launch a radical review of competitioo policy.

He will also be talking more about redistribution and the problems of low pay. The Labour attack on the public expenditure White Paper (policy document) to be published on Thursday will, for example, focus on the impact of the Government's measures on the poor.

All that leads naturally into the delicate area of incomes policy, and Mr Hattersley has never been reluctant to use that term. He believes that it is impossible to discuss redistribution of income, a minimum wage and tackling primary poverty without looking at a policy for pay – along with prices, profits and so on.

He is likely to reject the view of some Labour economists that an iocomes pnlicy in the private sector is unnecessary because of the existence of 3m unemployed. Mr Hattersley believes you cannot just bave a policy for pay in the public sector; it must cover the whole economy as part of a broader redistribution programme.

However, attempts to put substance bebind those aims in the proposed national economic assessment are likely to take time. Talks with the trade unions will be a very slow process of discussion over the next year or so.

Indeed, Labour bas only just started to get down to reviewing its programme – "modernising" it is the present vogue term.

To bridge the previous gap between Westminster and the party's national executive committee and its bureaucracy, a number of joint groups have been set up, including ones on employment, industry and economic matters.

Mr Hattersley will make available to them work he has commissioned from an informal group of outside advisers who meet in his room at Westminster on most Mondays.

That "brains trust" – a Rooseveltian comparison which would not displease Mr Hattersley – consists of three bankers and brokers from the City of London and five academics (four of whom are professors), all of whom prefer to be anonymous.

UK NEWS

Price rise 'inevitable' for paper products

By Andrew Fisher

PRICE RISES for paper products are inevitable in the coming months because cost pressures are continuing to increase, according to the European paper industry federations.

The British Paper and Board Industry Federation said rising costs of wood pulp – accentuated in the UK by the strength of the dollar, in which pulp prices are denominated – together with higher energy, transport and other expenses, added up to sums which "no mill can swallow."

The federation said that demand was rising as economic growth began to accelerate. Evidence that supplies were becoming tighter was greater than at any time in the past 10 years.

Because of these factors, this year was expected to be reasonably good for papermakers. Last year, UK paper and board output was only slightly higher at 3.21m tonnes.

There was, however, a real gain of 5 per cent after adjusting for fewer working days compared with 1982 and capacity changes.

The federation said profitability was still far from adequate. In recent years, poor demand during the recession had prevented mills from passing higher costs on to their customers.

Now, it believed, prices were likely to be affected by the irresistible force of accumulated cost increases which could no longer be absorbed.

The Federation of West German Paper Manufacturers referred to the pressure on profitability caused by cost increase for raw materials and energy. Last year it had seen only modest rises in the selling prices for paper.

The federation added the West German paper companies were experiencing higher orders and capacity had been almost fully utilised since last October.

The West German paper industry boosted its exports last year by about 15 per cent to 2.4m tonnes. This was about 30 per cent of the total record output in 1983 of 8.2m tonnes. The previous year, total tonnage was 7.8m.

Andrew Taylor reports on complaints that government guidelines have not helped UK office equipment suppliers to win public contracts

British-first policy falters

PUBLIC-sector purchasing policies to assist the development of British industry are not working, in spite of the good intentions of ministers and civil servants. That is the conclusion of some of the UK's leading suppliers of high-technology office equipment.

Examples of where public contracts have been lost to overseas competition or where prices have been struck too low to support research and development have been passed to Mr Kenneth Baker, Minister for Information Technology.

The cases have been prepared by a working party for the office equipment sector at the National Economic Development Council. Companies represented on the committee include Logica, STC Business Systems, Rank Xerox, Gestetner and Imtec.

All the examples have occurred since government guidelines were issued three years ago advising public-sector purchasers that obtaining the lowest price need not be paramount. They could accept higher prices or increased technological risk if that meant preserving the long-term viability of suppliers.

The guidelines were worded not to fall foul of international competition agreements. But businessmen were left in no doubt that civil servants were being asked to consider the long-term benefits of preserving British-based suppliers when placing contracts.

Mr Gerald Frankel, chairman of Imtec, says: "Public-sector purchasers were being asked whether it might eventually be more cost-affective to sustain a British manufacturing presence in key markets, rather than take the soft option of simply buying the cheapest-priced product on the day.

"It is a difficult message to get through to the lower levels where purchasing decisions are made. Too many civil servants, constrained by tight budgets, are still worried about what their superiors might say if they opt for a higher-priced product or choose a firm without a proven track record."

Individual cases and complaints passed to Mr Baker, by office equipment suppliers include:

● A British manufacturer lost an order to a Japanese company whose price was 2 per cent lower. The Japanese company failed to deliver on time. The British company was asked to provide its products as an interim measure but still lost the order.

● A government department wanted to word a contract in such a way as to ensure that the order was won by a British company. The purchasing agency refused on the basis that that would break international competition agreements, even though it is a common practice in other countries.

● A British-based multinational complained that cut-price competition from foreign companies had forced public-sector prices below the level at which it could support further research and development.

● Another British company complained that by the time it discovered the existence of a public-sector contract, the order was virtually placed with a foreign competitor. The British company eventually got the work, but only after it asked the Industry Department to intervene.

A report by the NEDC working party, after interviews with three of the largest government spending agencies – the Ministry of Defence, the Stationery Office and the Central Computer and Telecommunications Agency – says civil servants find it difficult to assess how far they should go in interpreting the guidelines.

Officials complain that they are given no indication of how much extra cost might be acceptable, or what degree of additional risk they should be prepared to take to protecting suppliers.

Small businesses are particularly concerned that they are being excluded from important public-sector contracts because they have no proven financial record.

Another complaint is that many public-sector buyers are not prepared to offer composite contracts covering the purchase of hardware and back-up consumables such as specially coated papers, inks and toners.

"The sale of consumables is critical to many companies as this is where they make their money," Mr Frankel says. "In fact, equipment prices are often lower because manufacturers are anticipating follow-up sales of consumables."

The Stationery Office told us that it saw the purchase of consumables as a wholly separate action and that it was unclear of the legal implications of making a common link between equipment and consumable purchases."

The need for regular and close contact between purchasers and suppliers is emphasised in the Government's guidelines. Those say that suppliers should be kept fully informed of requirements and purchasers should be aware that the products they buy should also be capable of being sold on world markets.

The National Economic Development Office says the Department of Industry's "office of the future" scheme is one area where the public-sector purchasing initiative has been implemented.

Under the scheme, the department approached a number of suppliers offering integrated office equipment schemes. They were asked what products, in packages of £250,000, they would like to sell to government agencies with a view to using the contracts as a shop window for domestic and international markets.

The department has arranged orders worth £5.25m for 21 companies. The machines are sold at cost price and the department initially funds the deal. It gets a fee from the purchaser after two years if the arrangements have proved satisfactory.

According to the working party, the sector accounts for about a quarter of all output by the fast growing information technology industries.

"It is in the office equipment area, as distinct from the computer and telecommunications sectors, that the UK is in the weakest position," the working party says. "It is therefore vital that we take advantage of such a major customer as the public sector to use as a springboard to develop the right product, marketing, service and distribution skills."

1982 ESTIMATES FOR OFFICE EQUIPMENT MARKET

	UK output £m	UK market £m	Export % output	Import % market	Market growth % pa
Microcomputers* and small business systems	30	100	30	80	40
Micrographics	20	70	40	80	8
Mailroom Equipment	40	40	5†	10†	2
Electronic typewriters and word processing	15	150	15	90	30
Copying	450‡	370	60	50	20
Fax	3	25	—	90	10
Reprographics	50	40	60	50	2
Other	50	100	40	70	5
Total	658	895	50	60	17

* Sales into offices – with all other applications the market is of the order of £300m

† Finished equipment only – parts extensively imported and exported

‡ Includes nominal allowances for ex-factory value of rented machines. Consumables excluded

Source: National Economic Development Office

FINANCIAL TIMES SURVEY

Tuesday February 14, 1984

Foreign Exchange and Money Broking

The volatile currency markets of recent years have provided a fertile growth area for foreign exchange dealers and money brokers. Britain has a strong presence, with the big houses leading the way in product diversification

Trading in currency futures has proved a popular facility. It was pioneered by Chicago Mercantile Exchange (above) the world's largest market for such options

Big business but competition keen

BY DAVID LASCELLES, Banking Correspondent

A GOOD market for a broker is one that moves—whether up or down does not matter, so long as there is plenty of ection, buyers and sellers to be matched, deals to be struck.

So the bucking and plunging of the world's currency markets over the past few years has proved a perfect breeding ground for that once obscure but now key player on the financial scene, the money end foreign exchange broker.

Led by the two giants of the business, Exco (through its broking subsidiary Astley and Pearce) and Mercantile House (Marshall's), both headquartered a few yards from each other in London, the broking business worldwide has been booming. Profits have been rising by leaps and bounds, offices mushrooming in all the leading financial centres. Up to half the global foreign exchange market— which is reckoned in thousands of billions of dollars—is now estimated to go though brokers.

Money broking—a slightly different business based on domestic and Euromarkets for bank deposits—tends to vary country by country. On average it probably matches the pattern of foreign exchange, with half the trading volume going directly from bank to bank and the rest through brokers.

But if broking has been one of the great success stories et e time when the international financial market place has brought plenty of anguish as well, the good times cannot last for ever. Competition is now intense, margins have been cut to the bone and there have been regulatory problems in countries like the U.S. All this suggests that broking may be facing a mettle-testing shake-out during which smaller firms could vanish, either through merger or demise.

Why heve money brokers et all? Partly because all markets have hrokers—agents who use their expertise to bring principals together and to take a cut on the deal. Even the world's largest hanks have nothing like the intelligence networks built up by the biggest money brokers; thousands of contsets all over the world, dozens of offices, highly sophisticated and costly communications systems. At the height of trading a large firm like Astley and Pearce has 20 telephone lines permanently open between London and New York.

Brokers have also added depth and volume to markets —factors which prodnce better pricing and can be reassuring to smaller market players who might suspect that big banks try to fix prices in their own interest.

Mr Howard Atkins, area treasury executive for America's Chase Manhattan in London, where the bank has just opened e state-of-the-art foreign exchange trading room, says: "Brokers are necessary because they enhance the liquidity of the foreign exchange markets."

But that is not to say that brokers are necessarily popular or that their rapid growth has been welcome in the markets. Bankers, who now see their foreign exchange trading operations as profits centres rather than just e corporate service, constantly complain ebout the commissions they have to pay the brokers. They also accept the brokers only grudgingly—as intruders who skim off profits without exposing themselves to real risks. Dependent as they are on brokers for business, however, they are reluctant to put such opinions on record.

The brokers of course reject any suggestion that their profits are exorbitant. Mr Bill Matthews, who runs Exco's hroking side, says: "Margins are very tight. It is difficult to offer a worldwide service these days." Brokerage commissions, as in the securities business, are steadily being unfixed. They are now set competitively in New York and should be free in the UK in 1986. (They are currently negotiated between banks and brokers under the auspices of the Bank of England.)

Under pressure

But this is unlikely to make mnch difference. The present UK rate of £5 per £1m is already discounted by as much as 75 per cent for top foreign exchange clients. Because foreign exchange is such e big international market, commission rates that get out of line in one centre quickly come under pressure.

UK dominance of the husiness—half the ten leading brokers are British—stems from London's early pre-eminence in the world foreign exchange markets and the abundance of trading talent— the "barrow boy" skills. The big firms are also run by men with a clear idea of where they want to go: Mr John Gunn at Exco and Mr John Barkshire of Mercantile House. The British now dominate Wall Street's money and foreign exchange broking business, e rare penetration of that bastion.

Numerous smaller firms from other countries make np the rest of the industry, notably Americans, Germans and Japanese, though they are better known for specialising in particular currencies or market niches.

Size and reach are the name of the game. After London, New York, Frankfurt and Zurich, brokers are expanding into Tokyo, Amsterdam and South Africa, three countries where financial liberalisation holds the promise of rapid growth.

In Japan foreign hrokers are switching from branch operetions to joint ventures with Japanese firms because it gives a better entree. Exco's Astley and Pearce joined Nippon Discount to form Nittan A.P. on a 33-67 per cent basis. Tullet and Riley joined up with Tokyo Forex in Tullet and Tokyo Forex International. Mr Matthews describes the Exco venture as "extremely successful."

The Japanese banks' rapid expansion into interntaional markets has already pnt them among the world's largest currency traders and much of broking's future growth will clearly come from that direction. But broking is e maturing business. M Anthony Munns, an analyst at de Zoete and Bevan, the London stockbroking firm who follows broking stocks, estimates that annual growth in profits bas fallen from 20-30 per cent to 5-10 per cent. "It's become a cut-throat business," he says.

Tougher competition is not the whole story, though. The markets have also lost some of their volatility in recent months, precisely the ingredient brokers like best. Although the U.S. budget deficit still poses a threat to market stability, U.S. interest rates bave been remarkably stable since early 1983 (the Federal Reserve, which used to move its discount rate every few months, has not changed it for over a year) and this has bad a calming effect. The world's big banks have also been more cautious in the wake of the LDC debt crisis. They are lending less, so their need for brokered deposits has fallen.

The U.S. end of the business has also been tainted hy the revelations that many financially ailing banks were kept going hy money hrokers who assemhled large deposits for them. The Federal Deposit Insurance Corporation wants to limit the amount of brokered deposits that qualify for insurance but this has provoked a furious reaction from the brokers and a slightly milder one from the U.S. Treasury, which fears such a move would affect the money markets.

One response by the industry has been to diversify eway from broking. Most leading UK firms now derive well under half— under a third in some cases— of their profits from this quarter and the trend will continue. Another is to go hell for leather for market share. With high fixed costs, volume is all important, which is why the industry could become more concentrated as the big firms drive out or gobble up the small. Nearly three-quarters of a broker's costs are salaries and communications, so technological advance could also have e hig impact.

"We're becoming institutionalised," said Mr Matthews of Exco—which is both e good and a bad thing. Brokers are now an accepted part of the market. But it also means that profits and growth will take that much more effort.

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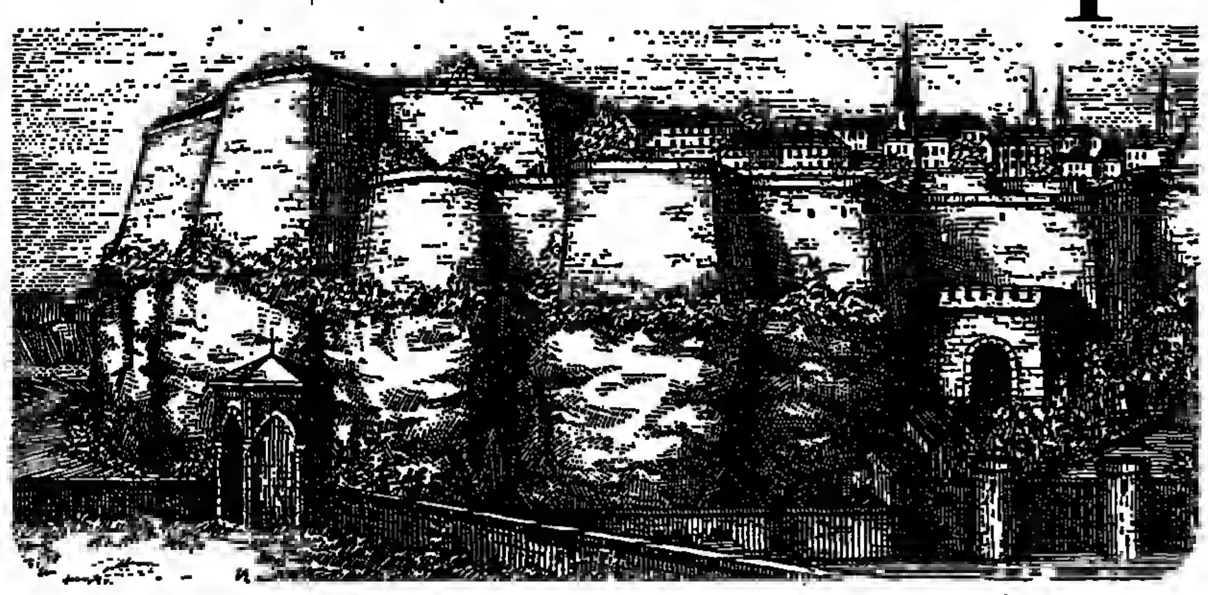


FOREIGN EXCHANGE II

Philip Stephens discusses the likely impact on world currency markets if, as many predict, the dollar weakens

All eyes fixed on the dollar

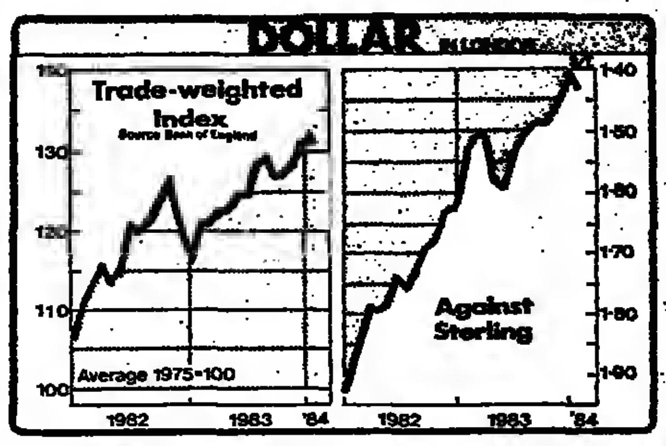
DESPITE GETTING it wrong so often before, virtually all the forecasters are now convinced that 1984 will be the year when the U.S. dollar's surge finally runs out of steam.

European governments are already planning for the upheaval on foreign exchange markets that could result, with a sustained fall by the U.S. currency likely to spark a string of bilateral adjustments among other currencies.

Whatever the outcome, what does seem certain is that 1984 will be another volatile year for currency markets and hence offer good prospects for foreign exchange brokers.

Swings of three pfennigs or more in the dollar-D-mark exchange rate over a day have become almost routine and the experience of the opening weeks of this year does nothing to suggest that the trend will not continue.

In private consultations between central banks and finance ministries officials have been talking about a 10 to 15 per cent drop in the dollar's value over the next six months or so.



Fears voiced

Fears have also been voiced about a possible uncontrolled slide if the overseas investors who have pushed the dollar to its dizzy heights lose faith in its future.

With the dollar trading at nearly 20 per cent above its average level in 1980-82, U.S. Treasury Secretary Donald Regan is again leading the chorus predicting a lower dollar as the U.S. trade deficit widens more.

The key to the dollar's expected fall, say the forecasters, will be the current account balance of payments deficit approaching $100bn in 1984. Much of it will continue to be covered by large inflows of foreign capital, encouraged by high real interest rates and a buoyant economic recovery.

Japan alone is expected to invest something like $15bn in dollar-denominated debt in 1984, while around $30bn can be expected from the re-investment of international investment income.

Even inflows of that order will not be sufficient, however, to cover the current account gap, most economists believe.

London brokers Phillips and Drew forecast in a recent analysis of U.S. capital flows that at present exchange and interest rates the U.S. will face a financing gap of some $20bn in 1984.

The generation of an increased supply of foreign savings in dollars to close the gap will require some combination of higher interest rates, a lower exchange rate or a new political upheaval which would bolster the dollar as a currency of refuge.

On balance, Phillips & Drew say, the dollar exchange rate is likely to bear the brunt of the adjustment, moving down to a level where it once again becomes attractive for the investor to put his cash in dollars.

Other forecasters have also pointed to a deterioration of the "quality" of capital flows into the U.S., with short-term bank deposits, or "hot money," taking a growing share of the total.

The implication is that any turnaround in the dollar could be swift and brutal, as a fall in confidence sparks a massive flight of such capital.

Of course, both governments and independent forecasters are acutely aware that the foreign exchange markets have turned past predictions of the dollar's demise into nothing more than wishful thinking.

It could happen again. Mr Paul Volcker, the Federal Reserve Board chairman, seems determined to keep a tight grip on growth in the U.S. money supply, keeping interest rates high as long as the economy remains buoyant.

Moreover, while a strong Democratic contender for the Presidency could send jitters into the markets, any signals suggesting that President Reagan will stay in the White House after November may give an added boost to the currency.

Senior U.S. officials have also spoken about the damaging inflationary consequences for the American economy if the dollar falls too sharply, suggesting they might move quickly to halt such a slide.

If the forecasters are right, however, the implications of a downward move for the U.S. currency go far beyond changes in the bilateral parities of individual currencies and the dollar.

The dollar's losses earlier this month gave a foretaste of what might be expected for other currencies if it suffers a sustained fall.

Most of the benefit was reaped by the D-mark, which gained some 6 pfennigs within two days. More importantly, the West German currency recorded gains against virtually every other currency on the back of the dollar's fall.

Thus West Germany might expect a significant realignment of its exchange rate against such currencies as sterling, the French franc, the Swiss franc and, possibly, the yen if investors begin to prefer D-marks to dollars.

EMS strains

In that context another side-effect may well be new strains in the European Monetary System, with pressure on the weakest currencies forcing a realignment. The tendency appeared in early February for the first time in nearly a year.

The obvious candidate for a devaluation in such circumstances would be the French franc, with other relatively weak currencies like the Belgian franc possibly following in its wake—although the strong recent improvement in France's trade balance could delay a reshuffle or limit the extent of changes.

For Britain some strengthening of sterling against the dollar coinciding with a relative weakening of the pound against Continental currencies would probably be the best outturn from the authorities' point of view.

The British Government insists that it has no exchange rate target for sterling but it does keep a close eye on its trade-weighted index against a basket of major currencies.

An upward shift against the dollar combined with losses against the D-mark and other currencies would keep this index constant at around 82 or 83 (1975=100). This would limit the inflationary impact of the depreciation, while improving British industry's ability to compete in Europe.

A rapid and excessive fall in the value of the dollar is likely, however, to prompt some form of concerted action by European central banks to slow the move, perhaps in the shape of a modest round of interest rate cuts.

And if the U.S. currency stays where it is?

One of the most interesting lessons of the past two years is how, despite the dire predictions of higher inflation and strangled investment, Europe has learnt to live with a strong dollar.

While an "overvalued" U.S. currency may hit Third World debtors, it also gives a considerable boost to world trade by pushing the U.S. trade deficit further into the red.

European governments have managed to temper the inflationary impact of the growing cost of dollar-priced imports by tightening anti-inflation policies at home, while gradually loosening the links between transatlantic interest rates.

That is likely to become harder as the recovery in Europe gathers pace but, as one European finance ministry official put it: "The dollar can't stay there forever."

Banks are major operators, involved in a growing range of products

Novel offerings bring fresh edge to competition

IT IS now more than ten years since the introduction of generalised floating opened the door to an unprecedented boom in foreign exchange trading as a major international banking activity.

Since then, wide fluctuations in exchange rates and the rapid advances of available technology have revolutionised the market. Foreign exchange dealing is a 24-hour-a-day business, with major centres in the Far East dealing through the European night and European traders staying up late to catch the market in New York.

The early days of floating saw many market upheavals, most notably the huge losses incurred by the German Bankhaus Herstatt through unauthorised dealing in the forward market in 1974. Now, not only has floating become accepted; banks have also learned to cope with the dealing challenges that it brings and the upsets are fewer and farther between.

None the less, the market has more recently been changing again. While international banks are the main players in foreign exchange, their business tends to be what Wall Street calls plain vanilla—conventional dealing of large volumes of currency in the spot and forward markets. In London single trades of up to £25m are not unheard of and clearly the very muscle of the world's biggest banks means that they are uniquely able to cope with business on this scale.

But as the world has adapted to floating exchange rates, other and more sophisticated products have come along. The development of currency futures trading in Chicago has had a profound effect on the market. At the very least it has boosted the importance of North America as a foreign exchange trading centre. More important still, the wide fluctuations of currency futures have added new opportunities for making profits and with them a new demand from investors for currency-related services.

In fact some of the most striking innovations in foreign currency markets have recently come not from the big banks but from the smaller investment banks using their ingenuity rather than their immediate financial muscle to offer tailor-made products to corporate treasurers and other investors.

For example, it was the U.S. investment house Salomon Brothers which last year launched a novel series of currency options. Starting with the sale of warrants to buy or sell sterling a year ahead, Salomon quickly moved on to launch a similar series of warrants to buy or sell D-marks.

Sterling series

Nor were the amounts of money involved small. For its sterling series Salomon offered 100,000 call warrants and an equal amount of put warrants. Each call warrant entitled the holder to buy £1,000 of sterling at $1.52 in a year's time; each put warrant entitled holders to sell a similar amount at $1.46. Hill Samuel, the British merchant bank, had already launched an options service, but interestingly enough, Salomon's move was quickly followed by an announcement from America's Citibank that it intended to start marketing a formal programme of four completely different types of foreign exchange options.

The idea behind the currency options was to offer corporate treasurers a more attractive hedge against currency fluctuations than a straightforward forward transaction. The latter locks treasurers into a given rate. With a currency option he is protected against excessive movements but still does not forfeit the chance to make some money if a currency moves in his favour.

In these cost-conscious days there is no doubt that investment banks can use products such as currency options to wean corporate customers away from their traditional commercial banks. Equally, however, some corporate treasurers require a lot of educating and there is some in-built resistance to innovation at too fast a pace.

For example, the currency futures contracts launched with the London International Financial Futures Exchange (LIFFE) in autumn 1982 have never really taken off, although they were designed with the corporate treasurer in mind. Lack of interest was shown not only in this quarter; banks themselves found the size of the contracts too small and preferred to continue dealing in the forward exchange market.

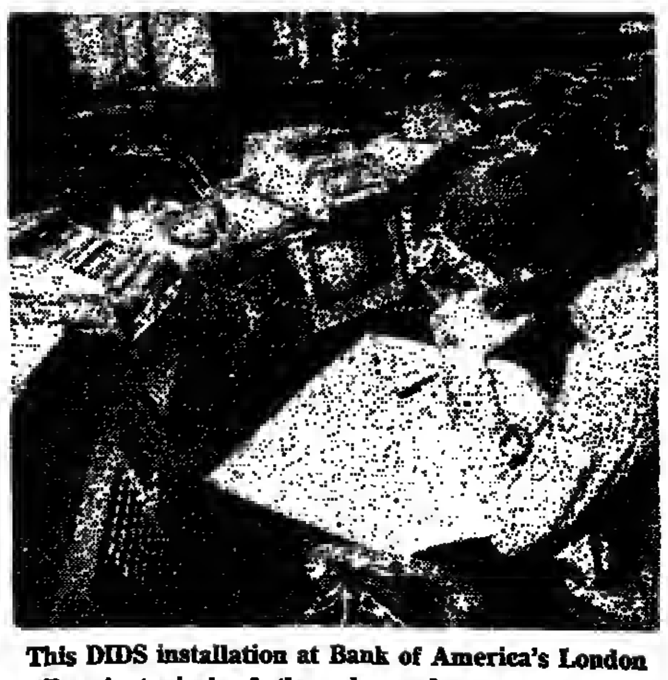
The short-dated sterling interest rate contract has already been doubled in size to attract more interest and it now seems possible that a similar step will have to be taken with the currency contracts too.

One problem facing the banks is that it is never easy to predict which product will be successful and which will not. Two years ago deposit-taking in Special Drawing Rights (the currency basket of the International Monetary Fund) was all the rage. But the flow of deposits, which was initiated by Shell, the petroleum concern, soon fell to a trickle. Meanwhile, an active deposit market has now developed in another currency basket, ECUs, which are the monetary unit of the European Economic Community.

New dimension

None the less there is no doubt that these days commercial banks have to watch the competition more closely than before. This new dimension has been added to a market where success already stretches the reaction of participants to the limit in terms of their ability to react to breaking developments.

Technology has arrived in foreign exchange dealing rooms in a big way. All are now equipped with television screens relaying latest financial news headlines and money market rates. A dealer who cannot react within a split second to the latest U.S. trade or money supply figure is unlikely to make much money for his bank.



This DIDS installation at Bank of America's London office is typical of the advanced communications technology essential in today's dealing rooms

Likewise, communications are extremely important. Most banks keep telephone lines open all the time to their major trading partners. The new foreign exchange dealing room inaugurated last summer by Chase Manhattan Bank in London has screens that connect dealers to a counterparty at the lightest touch of a finger.

It is a far cry from the day when Reuters news agency used carrier pigeons to relay stock market prices from Brussels to Aachen. But in today's push-button world success has begun to depend more than ever on whether the people involved can actually keep up with the market.

Peter Montagnon

FOREIGN EXCHANGE III

The UK broking houses dominate the world scene through their international networks

Giants head the broking league

IN THE truly international 24-hour day market of foreign exchange dealing there is ona centre which stands a good bead and shoulders above all others — London. The key players in that market are the broking houses wbose busy dealing room floors bandle around half the world's daily turnover in currencies.

The broking fraternity is surprisingly small given the market it serves. In London the participants can be counted on two hands and worldwide there are probably no more than half a dozen or so major brokers who really count. Among those it is British brokers who dominate the scene with a network of regional offices straddling continents. Nothing is quite as telling of the power of British brokers as the fact that it is they wbo set the scene for foreign exchange and money broking on Wall Street.

The rules of the "game" seem simple enough. In London the broker's job is to act between two principals, confirming the deal and taking a commission for his trouble. It is not the broker's place to take positions in currencies or to try to lead the market one way or another. That is what the text book would tell yon but of course foreign exchange dealing is neither as simple nor as cold-blooded as tha text books would have it.

The broking bouses are led by two diversified giants, both publicly quoted groups. Exco International is represented in the foreign exchange market by its Astley & Pearce subsidiary while Mercantile House has Marshall's on the field of play. These two subsidiaries are the leaders in the sector, while their parents have ambitions to spread their wings even further and become major financial institutions.

It is an open secret that Exco has been talking to several stock exchange members firms and other major financial institutions. Mercantila was also believed to bave been talking to Gerrard and National, one of the slim band of discount bouses, with a view to a takeover of Gerrard. Those discussions were terminated without Gerrard ever naming the other party.

Everyone has his own ideaa about constructing a league table of the broking players and Tullett and Tokyo Forex, formerly Tullett and Riley, believes it lines up in third position. Certainly it is undisputedly one of the world leaders but unlike Exco and Mercantile the men at Tullett and Tokyo have no ambition to launch themselves as a quoted company on the stock exchange —not yet anyway.

Cash-generating

Mr Peter Doney, managing director et T and T, sees little point in raising money on the stock exchange for a company which is heavily cash-generating. There is of course the qoestion of personal wealth—no doubt the existing shareholders could raise a substantial cheque for a few shares—but that does not seem to be in the equation at present.

The story of Tullett and Tokyo illustrates the changing pattern of the foreign exchange broking sector. The firm was set np by four men in 1971 and has come from nowhere to its current positinn with a staff of over a 1,000 in little more than a dozen years. When these four started out as an independent the broking sector, both in foreign exchange and money, was less dominated by large houses, with many of the broking groups holding down a relatively small number of staff compared to today's standards.

The birth of T and T was just in time. Along the way the directors were able to absorb some small companies and form the group they have today. Yet such has been the polarisation of the sector it would be virtually impossible for several reasons for someone to repeat that feat now.

The foreign exchange market has become increasingly sophisticated and, perhaps more important, increasingly competitive. The capital investment in setting up a major house is no small matter and the costs of running a realistically sized operation can only be justified with a substantial level of business. A new entrant would have to be willing to live with some heavy running losses for quite a while. Just think about the expense of keeping a couple of dozen lines open to New York all day!

No less important are personal contracts — foreign exchange broking is no different from any other broking activity. "Who you know" can be just as important as "what you know." Staff do not come cheap in this industry.

So it would need a major financial institution with plenty of muscle to enter the market cold. Yet it is questionable whether anyone would want to try. Undoubtedly the brokers have made a very good living—perhaps too good for some of their critics—and their role is essential. They are the providers of up-to-the-second information on a rapidly changing and international market with a degree of knowledge that even the large banks in the market find difficult to match.

However, while their continuing role looks certain increasing competition for business has pulled back margins and slowed down profits growth. The brokers would argue that their basic commissions are justified at current levels but that does not stop them offering major discounts to banking customers who put a lot of business their way.

That competitive pressure allied to the increasing dominance of the major houses is putting a squeeze on some of the smaller broking firms. The latter's problem can only intensify as some of the bigger brokers try to get closer to their banking customers by capitalising further on their information base and excellent communications network.

Exco has its interest in Telerate and more recently Tullett and Tokyo has dipped into the area of information technology. Unlike Exco, T and T is keeping its capital expenditure strictly limited, though it believes its system is a winner albeit not directly comparable to news services such as Reuters and Telerate.

Chicago software

Essentially T and T's service, Futrend, has been developed on the back of software written in Chicago for the financial futures market. The hardware of screen and computer keyboard, with an optional printer, comes from Hewlett-Packard. The system gives up-to-the-minute display of currency rates, both spot and forward, Eurodollar rates, prices from Liffe, IMM and so on. Apart from the prices and rates which can be flashed up on the screen in much the same way as other services, Futrend has the ability to quadrant four "pages" on the screen at the same time.

Perhaps most novel of all is that the computer is not just providing up to date information but has a memory bank on all the information going back to January 1981. Using that the computer can turn out bar charts, price charts, tic charts, moving average charts, point and figure charts—in fact it can draw a chart of everything in its memory. Up to seven charts in different colours can be overlaid for comparisons. If nothing else they certainly look pretty.

The cbarting ability is e strong selling point according to the brokers. While many market dealers would bave disregarded chartism a decade ago the scene bas changed dramatically. Charts are being nsed increasingly as an investment tool and of course it becomes self-feeding in that a dealer may act on a chart, whether or not he is a chartist, simply because he thinks ardent chart watchers will be acting on the movement of the same chart.

So far around 50 Futrend systems have been installed with banking cnstomers in London. The brokers recognise the disadvantage for users in that there is only one source of information input, T and T, coming on the screen unlike, say, Telerate. But that is recognised in the competitive pricing and anyway, says Peter Doney as a leeding broker, the information on the screen will be right in line with the market.

Ultimately T & T would like to see the day when banking clients can deal directly on the screen, much as they do in the U.S. Treasury bond market. Moreover, they would be dealing with T & T, whicb is one good reason for the system's development in a highly competitive market.

Terry Garrett

Voice response is the latest computer facility

Information systems play an integral role

ANDREA SANTEN works for the UK software house Logica and talks to computers—to one particular computer in fact—which she has trained to recognise 30 to 40 words of foreign exchange dealers' jargon.

When she murmurs "monitor" into the micropbone tha Reuters mnnitor flashes on the video display screen. "Give me page 35" produces the required set of prices.

The volce response system—as yet only a demonstration—is the latest eddition to Logica's foreign exchange dealer information system, DIDS (Dealer Information Display System).

Installed at Morgan Guaranty Trust in London and New York, it broadcasts the latest rate cbanges directly and simultanenusly to all the dealer stations. The system runs nn a powerful minicomputer built by the U.S. company Data General but it is unusual in using ooaxial cable to take a composite video signal to the dealer desks. "We arranged it this way to be compatible with Reuters" explained Mr Ken Robey, business manager in Logica's advanced systems division. "The aim is to cut down the number of screens on the dealer's desk." Some banks heve up to three screens nn each dealer's desk switchable between Reuters, Dow Jones and their internal rates.

Morgan Guaranty is a wholesale dealing house, a ratemaker. So internal rates information is the stuff of life to the 40 or so dealers in the London office.

Ms Andrea Santern, the lady at the Logica software house who chats to her computer

Stuff of life

DIDS represents one half of the technological possibilities now evailable to the foreign exchange dealer; the balf providing information to the dealer.

DIDS has also been installed at Bank of America in London, where it bas been developed to envelop the other half of the forex situation — back office accounting. DIDS II, as it is known, is designed so that dealers can key their own deals directly into the system, although bankers are aware that this is frequently an unpopular option.

"There has always been a tradition in the dealing room that dealers will not key in their own deals," Mr Robey sighed, resigning himself to the continued use of paper dealing slips.

Computer-based foreign exchange systems have in the past been very much the preserve of the UK software houses. This was as much thanks to London's position et the centre of the foreign exchange world as to the undoubted quality of software from houses sucb as Arbat (now a subsidiary of Control Data Corporation) BIS and Hoskyns, creators of the Arbat Banking System, Midas and Kapiti respectively.

The picture is changing in several ways. First, a number of companies sucb as the merchant banker Hill Samuel have entered the market with their own systems.

Secondly, there has been a ripple of interest from the U.S. software houses. Hogan, a well-regarded U.S. banking software company, has established itself in the UK, offering very large integrated banking packages running on IBM hardware.

Anacomp, an Indianapolis-based company, has generated a lot of publicity for its very ambitious banking package "Continuous Integrated System" without installing a single complete system. According to the U.S. securities company Prudential-Bache: "Anacomp is an interesting enigmatic company with much more bope than it currently has product. Most banks working with Anacomp believe that the company will have a powerful system—someday."

Anacomp's position is instructive, for it shows how easy it is to design an impressive banking software product yet run into difficulties in the writing and implementation.

Thirdly, there is a powerful move away from basic foreign exchange systems to systems which are integrated with the rest of the bank's accounting systems.

DIDS II at Bank of America, fnr example, has links extending directly from the Data general minicomputer to the bank's principal IBM mainframe computers.

Mr John Prosser, e director of BIS, sees a move towards greater provision of information both for dealers and for dealing room managers: "There is a need for greater management aid at the front end.

"That means better ways to gain access to tha information and the ability to manipulete it in various ways. Within Midas, for example, we are now providing microcomputers on the dealcrs' desks so that they can massage the information from the system in various ways."

An example is a module called "Bond Aid" in use at the Bank of England which gives the trader a choice of options tn take and allows him to work out other methods of achieving the result.

These moves are in fact a reflection nf the trend towards dedicated workstations for treasurers and dealers throughout the financial system. First there was the simple need to carry out the calculation necessary for foreign exchange, coupled to the back office accounting function.

The next step was the provision of rate information to the dealer and the facility for the dealer to enter information directly to tha system. The current stage gives the dealer the facility to manipulate the information on his screen and interchange it with information stored in the bank's mainframe computer.

Moreover, all of this is coupled to a very direct pressure for greater global financial control, the kind of control provided by treasury management systems of the kind offered as proprietary packages by world-wide computer bureaux like Geisco through its Mark III network or ADP.

For the future there will certainly be new developments in high tecbnology dealing rooms of tha kind developed by Chase Manhattan and Citibank with touch-sensitiva screens or desk top "mice" to free dealers from the threat of using the keyboard.

As Mr Robey of Logica points out, too, there is no reason why bank accounting systems should not operate in multiple currencies even for local branches. It would mean the provision of direct rate information tn branches which currently decide the price of a foreign currency by consulting that morning's Financial Timea.

That, as Mr Robey says with a glimmer of satisfaction, will mean considerable rewriting of the local accounting computer software.

Alan Cane

FOREIGN EXCHANGE IV

London has its financial futures market—but is it keeping up with this fast moving game?

Wider range of contracts urged

THE LONDON International Financial Futures Exchange (LIFFE) has given tha City a small but important foothold in ooa of the fastest growing finaocial sectors in the world today.

Many of the brokers involved in LIFFE are concernad, howaver, that the rapid worldwida growth of trading in financial futures and options is leaving London behind. The U.S. markets, in particular the Chicago Board of Trade and the Cbicsgo Marcantile Exchange, have launched a ateady atream of oew products, whila the Jniladalphla Stock Exchange has developed a thriving foreign currency ootion market. The proposad Singapore financial futures exchange heralds a likely upsurge of this type of trading in tha Far East.

Developments such as these are causing frustration to some of the participants in the London market who are concerned at LIFFE's deliberately cautious policy towards expansion.

Aversge daily volume of husioess on LIFFE has receotly reached 7,400 contracts, more than maoy expected, but still a long way from trua viability. Seveo cootracts, all of tham launched in the early weeks of the exchange, are traded. They are tha three-month Eurodollar, three-mooth aterline, 20-year gilts and tha sterling, Swiss franc, Deutschemark and yen currency contracts. Futures contracts allow market users aither to hedge or speculate on loterest rate and curreocy movemeots.

"LIFFE is reaching the point where it does require soma new contracts," says Mr Peter Scott of Butler Harlow Financial Futures, part of Mills and Allao, tha publicly-listed financial services group. "You may criticise tha U.S. exchanges for being overdynamic but, by contrast, we ara moving at a snail's pace. Chicago bas not been slow to capitalise on European intarests in futures. London bas to realise lt is in competition with Chicago."

"There bave been no new products since LIFFE was established," commants Mr Chris Williams, managing director of the financial services division of Rudolf Wolff, the metals and commodity trading house. "Chicago launches five cootracts and only one may be successful. You can bava your failures. LIFFE should not be so nervous."

LIFFE is working on a numher of oew contracts, including a stock index based on tha movements of the shares of 100 of the largest UK companies, a Eurobond, a short-term gilt and a U.S. Treasury bond contract.

But its stated policy is to allow the existing seven contracts to bed down, to limit the amount of information potential users need to absorb and to avoid diluting interest in existing contracts.

Despite the problems LIFFE has faced ln explaining tha concapt of financial futures to UK institutions and investors it bas played an important part in awakening people throughout Europe to tha possihilities, brokers baliava.

"LIFFE has brought more awareoess and improved the imaga of financial futures hy tha smooth way lt operates," says Mr Williams. "Desplte the coloured jackats worn by the floor traders it is more sober than Chicago."

Fixed attention

"There's oo question that the opening of LIFFE has fixed enormous attention in Europe oo financial futures," comments Mr David Pippard, jointly in charge of futures business at Butler Harlow.

Ironically, much of this ioterest has been directed to Chicago and other U.S. markets, meaning UK brokars must share their commissions with their U.S. counterparts.

"Chicago bas capitalised on the beoefits of LIFFE," says Mr Scott. "I am sure a lot of Chicago's business has come out of Europe."

The experieoce of Butler Harlow, Rudolf Wolff and Rouse Woodstock, the commodity and finaocial futures brokar, illustrate how three broking bouses hava fared on LIFFE.

Butlar Harlow, at tha time two separata companias, was already placing cliants' business on tha Chicago futures markets before LIFFE opened in September 1982, Scott acknowledges that tha mova into tha U.S. and the decision to join LIFFE were dafansiva moves inteoded to protect lts cash business. LIFFE oow accounts for 95 per cent of Butler Harlow's futures business.

LIFFE trading built up more slowly than Butlar Harlow expected but tha company now does a sizeahla amount of business in the Eurodollar contract. Increasingly, and to its own surprise, it is also trading more of the gilts contract.

"We thought there would ba resistanca to placing gilt busines through anyone other thao the normal stockbrokers," says Scott.

Butler Harlow bas now established an informal relationship with stockhrokers Shappards and Chase to giva lt access to lts expertise and cootacts in the areas of gilts and, when LIFFE launches its own stock index contract, in the stock market.

This teotative link-up between a moneybroker and atockhrokar is uniqua, Scott balieves, but whether it is formalised depends oo the two companies avolding a clash of interests.

In common with a oumber of other LIFFE memhars Butler Harlow has cut back its financial futures staffing lavals lo line with tha slowar-than-expected market growth. It now haa six traders on the LIFFE trading floor and a furthar six in tha hack office.

Its LIFFE business bas risen 50 per cent in the past three months to around 300 cootracts a day despite its fallure to persuada lnsurance companies, local authorities and pansion funds to trada in any volume. Botler Harlow now intends to concentrate its afforts on the banks, which maka np much of its traditional clieot base.

"LIFFE business is not profitabla yet but we are closing the gap," says Pippard.

Rouse Woodstock bas also been forced to cut hack staff levels and now bava five dealers on the LIFFE floor and four in bead office. "We are covering our costs on LIFFE," says Mr Rov Leighton, deputy chairman.

Rouse Woodstock is part of tha publicly quoted Mercantila House Holdings, another hroadly hased financial services group baaded hy Mr John Barkshire, chairman and moving spirit behind LIFFE.

Rouse Woodstock is a member of the two Chicago axchaoges and says it still does substantially more business there than it does on LIFFE. In London its existing foreign exchange and casb daposit market business means lt is most active in the Eurodollar and three-month sterling contracts. Its cliaots include banks hedging their lending commitments, discount bouses and some local authorites.

It bas made an affort to attract corporate customers but while it can persuada treasurers of the value of futures it encounters resistaoce at board leval, says Ms Stephanie Hanbury-Brown, who heads the finaocial futures operation.

Leighton describes Rousa Woodstock's mova into financial futures as evolutionary. "You have to cover tha whola apectrum. Our sugar trading business originally took us into foreign currencies hecause the foreign exchanga risk formed part of the customer's hedging requiremaots," ha says.

Rudelf Wolff, like Rousa Woodstock, was active io tha Chicago finaocial markets hecause of its international commodity business. Nevartheless, it set up its own financial futures ooeratioo in March 1982 in anticipation of LIFFE's opening. U.S. futures and options business far outweighs LIFFE trading where, it says, 500 contracts would amount to a husy day for its eight floor traders.

The strong growth of U.S. business has been tha main reason for Wolff's douhling its total financial futures staff to 30 (out of tha 150 employed oo commodities and financial instrumants in London).

Williams foresees a doubling of futures and options turnover this year. If LIFFE launches its stock index contract Londoo business could double or tripla lts share of total husioess.

"We would like LIFFE to do well," says Williams. "It would give us a longar dealing day and make use of our spare capacity ln tha mornings. We are slightly disappointed LIFFE baa not dooe bettar hut wa are not surprised. We just about maka a profit on LIFFE."

Booths unmanned

Opinions diffar on whathar the shake-out among LIFFE members is complated. Williams thinks that when managements look at their 1983 accounts—tha first full year of LIFFE's oparation—and realise the cost of this husiness quite a few more will decide to cut back, salling or laasing seats or retaining memharship whila keeping their floor booths unmanned.

Much will hinge on the new contracts LIFFE says lt is preparing. A stock axchange index contract ls generally seen as opening up a whola naw araa of business for LIFFE.

But brokars do not agree on soma of tha contracts being considared. Williams is unsure whether a LIFFE U.S. treasury bond contract would attract much interast whan tha markat is U.S.-dominated anyway. Currency options oo LIFFE would do wall, however, he argues, meeting a naed from European cliants who do not want to wait until the U.S. markets open.

The least successful cootracts ao far have bean tha four based on currencies. The efficient inter-bank market in London has meant LIFFE's contracts have failed to find many users. They are too small (£25,000 equivalent), too unwialdly and too expensive, the criticism goes.

Again hrokers' views differ. Some feel currency futures contracts have failed and should be replaced by currency options—which have beeo so successful in Philadelphia. Others argua that they can be saved by an increase in contract size to perhaps $250,000 and the introduction of an "exchange for physical" facility — allowing a customer to close a futures hadge early and simultaneously take delivery of the foreign exchange covered hy the hedge in one transaction through one hroker.

Whataver LIFFE does to reviva exiating or add oew contracts hrokers are agreed that, for them at least, the soonar it happens the better.

Charles Batchelor

The trading floor at LIFFE is at times the scene of heetic dealings

Controversy surrounds the role of the broking houses

Tensions beneath the surface

MONEY-CHANGERS bave been unloved since hihlical times and thair critics are not just politicians, attacking speculators or proletarians who feel they pay too stiff a rate for pesetas to splasb on the Costa Brava.

In the City ltself thera is an underlying tansion between dealars and brokers for all tha mutual protestations of a smooth relationship in a close-knit fraternity.

The brokers who act between principals for a commission, using their expertise ln monitoring rates to jucga the balance between supply and damand, are essentially middleman, and it ls this rola which comes ln for criticism.

Yat, both sides agree that they are basically interdependent and the grumbling is put in perspective by Mr Bill Batt, international treasurer at National Westminstar and also chairman of the Britisb Bankers Association's foreign exchanga committee: "For all their faults, the brokars help to maka London by far the most efficiant and important of tha world's markets for foreign exchanga."

Colleagues agree that no other service or centre can match the London broking bousa lo dalivaring tha goods—especially a running commantary oo prices—but thare are such mixed feelings that some will add that tha firms bave ovarreached themselves by becoming all things to all banks.

Lloyds International's chief foreign exchanga managar, Mr Charles Frost, who leads the dealers on the Joint Standing Committee, says that each view of brokers depends on tha people involved, since relationships matter a lot: "It is a love-hata partnership lika marriage!" Another treasurer quotes a case where a broking bouse was getting fewer daals from a bank thao lts skill in a certain currency merited but after both sides switched staff around tha volume soared.

Sounded alarm

What concerns senior hankers is not personalities but power now that the money-broking sector bas shrunk from a peak of 16 firms to 13—or rather nine taken as parent companies—although that was the total wheo the Bank of England revived the foreign exchange market in December 1951. Barclaya and National Westminstar both soundad the alarm when Mercantila House rescued Fulton in Marcb 1982, foreseeing that London could become dominated by two firms as in New York.

Even just six buttons to press is a fear at the hack of soma treasurers' minds but tha banking sector is mainly cootent with the consolidation. A view at some hanks is that London is still overbroked and one leading foreign excbange manager suspects that the Bank of England inspired the spata of mergers to ensure a solid base.

It is acknowledged anyway that newcomers, such as Currency Brokers International in June last year, cao enter the market but a prominent treasurer in a marchant bank thinks that the Bank of England asks too much: proof of need and financial sponsorship. "It is like Catch-22. And why should I back someone who wants to sell me something?"

The banks do not want cosseting of the currency markets by the Bank of England (still less by the well-meaning Internatiooal Chamber of Commarca), having rellad since 1973 on the Joint Standing Committae of four bankers and four hrokers, who hava always beeo walcome at Threadneedla Straat. Tha Bank of England also provides a chairmao, now Mr Tarry Smeaton, the manager of its foreign axchange dlvision (who was the JSA's first clark).

Few feuds reacb tha non-statutory JSA, whose minutes are circulated about eight times a year, for banks hava ready redrass to the Foreign Exchange and Currency Deposit Brokars Association (FECDBA), whose cbairman sits by right on the JSA. At present ba ls Mr Mike Knowles, a director of Mercantile Housa, who not only thinks that the fewar firms give a better service than ever but also points out that the FECDBA's code of conduct was inspired by the Bank of England.

Higher ethics

Tha dealing community is also unanimous that athics in London are mnch higher than elsewhare. Yet a dealar of 20 years' experianca says typically: "With 4,000 staff specialising in foreign exchanga bere, nobody could swear that the City was perfact!"

Foreign exchanga managers are fully aware that hrokars can huy business and at least tha major banking bouses police their own daaling rooms. Approval may be needed for lunch with a broker and there are often written rules against accepting anything beyond food and drink. Accounts are widely monitored for any unusual pattern io deals hatween hank staff and brokars.

Tba surveillance is sometimes superfluous. A oewish sterling manager speaks for aevaral in aaying: "It may be nica to be constantly entertained but eventually one wishas hrokers would spare thair costs and our time." Yet if there are only rumours of corruption, thare is plenty of evidence that othar standards hava fallen — not least courtesy and responsibility.

Old-time hankers largely blama tha market's rapid expanaion sinca tha aeventies so that it is full of youngsters short on experiance and education—among other thinga, heedless of worldwide events except for thair digital impact. They eqoally complain that the huga chance of windfalls puts hrokers under pressure from directors, who are themselves sensitive to sbarebolders in the big firms that hava gone public. With lt all goes tha sheer pace, coupled with electronic innovatioo.

For exampla, with quotations shouted aimultaneously through voice boxes rather than telephoned through bank by hank, there are constant complaints of being let down by brokers on the amount offered. The head of a large dealing room comments that 10 years ago lt would hava caused gossip and tha bank would have pulled the broker's lina out for a week hut it now happans 20 times a day in one currency with lmpunity. However, an Amaricao offshoot echoes one of Britain's largest banks in maintaining that lt will alwaya stick tha broking bousa for an agreed amount or else boycott it.

There are also more mistakes, like when a broker tells a dealer that the transaction is with another bank's branch wbereas it is a subsidiary—with a lower credit rating. Even more common are mishearings of oumbers or even "Yours!" for "Mine!" amid tha frantic babbla of wbat remains a verbal market that is not even face to face.

With tha average deal touching £5m, blundars are too expensive for the banks—which is why broking bouses record calls. Where the tapes fail to resolve hlame, the norm is a hilateral split down the middle or lnformal arbitration. Mr Brian Ladd, a senior manager at Williams & Glyn's, recently ajudged a mix-up involving Balgium's two rates of exchange.

Of course there are also errors in the interbank market, which has not been qulte as successful as hoped, so that there is no alternative to working with the brokers to improve standards. Nobody thinks a central exchange would work and most chlef dealers say the answer is better training and discipline on the broking side, althougb a visual display inexpensively activated by speech is not too far-fatched.

Meanwbile the FECDBA has persuaded most of the 50 large banks in Loodon to test an Automated Confirmation System (ACS) as from November. This sbould not only speed up tha detection of verbal misundarstandings and aliminate mechanical mistakes from talex, but also prevent confirmations beilng mislaid or delayed by City messengers. The reduced paparwork and overheads could offsat tha capltal cost and rental of ACS equipment by the banks.

The costs which really annoy the banks are brokers' fees, which come to around £1m per year for a clearing bank and double that for a bank specialising in syndicated loans. Paradoxically, as more and more foreign banks are lured to the City, not least by its expertise in currency trading, the old-established giants find themselves subsidising the less active newcomers. Even the broking firms, which grow fat on Eurocurratıcies, protest that they lose on some servicing.

Brokerage has long been subject to review and those on sterling deposits were renegotiated in the autumn of 1982. March 1 will see a new scale for monthly commission on currency trading. The present discount of 25 per cent for fees, reaching £5,000 per month, will be replaced by negotiable rates wbicb so far are available on £10,000 plus. After the end of next year there is supposed to be a completely negotiable scale, although nobody dares predict how far the discounting will go.

Experienced dealers reckon that four-fifths of the market will go on paying the prevailing rates of brokerage after March aod that 1986 is more likaly to see yet a further package agreed between the FECDBA and BBA. As one wall-known treasurer puts it: "My bank wants to bargain hard hut the market cannot afford to drive smaller brokers out of business."

John Burke

FOREIGN EXCHANGE V

Japan is seen as the next major development zone given the anticipated liberalisation of its financial markets

UK links with Tokyo houses

FROM the New York market, where they have achieved a predominant position, the UK moneybroking firms are now turning their sights on Tokyo. This is seen both as the obvious next step in time zone terms and in anticipation of the opening up of the Japanese financial markets.

Their strategies may differ but on one thing the London moneybrokers are agreed. The much-postponed millennium of internationalisation is going to dawn, probably sooner rather than later, and they are determined to be as well placed as possible to take advantage of the resulting changes in the Tokyo money markets.

The *tanshi*, or call money brokers, are Tokyo's discount houses, even to the extent of having some role to play in the Bank of Japan's day-to-day monetary policy. In addition to their original function in the domestic interbank market, they have since 1979 been active in the open market, as brokers in foreign exchange and foreign currency funds.

This has given them an interest in the international money markets and has also brought them to the attention of foreign broking companies.

There are six tanshi, dominated by four companies. The largest by some margin is Tokyo Tanshi, followed by Ueda Tanshi, Nippon Discount and Yamane Tanshi. They deal rather than broke in domestic call money and trade in CDs and Japanese Government securities.

The foreign exchange dealing room at Sumitomo Bank, Tokyo

Dealing volume

The business which most attracts the UK brokers, however, is the pure brokerage of foreign exchange dealing. Interbank forex dealing among Japanese banks is around $5bn a day, while forex business between Japanese and foreign banks is estimated to be around twice this. The tanshi are at present excluded from the latter business and it is in expectation of this obstacle being lifted that the UK houses are becoming involved.

On top of this immediate trebling of business the brokers believe that when the less efficient direct dealing becomes obsolete the absolute volume of business will rise and that an explosion will take place in the Tokyo market similar to that in New York when similar barriers were lifted in the mid-1970s.

The London moneybrokers, dominated by three publicly owned companies, Exco International, Mills & Allen and Mercantile House, all have some presence in Japan already. Their penetration has ranged from opening branches to establishing joint-ventures and to share-swap arrangements.

Exco's subsidiary, Astley & Pearce, opened a Tokyo branch in 1978 but in 1982 it was felt it had reached the maximum market share it could without a local partner. Now Exco has a one third stake in a joint venture, Nittam, in which Nippon Discount holds the other two thirds. Mr Bill Matthews, Exco's finance director, says he thinks a 33 per cent foreign stake is probably the largest which can be hoped for in such a deal. According to Exco, its volume of Japanese business has risen considerably since Nittam was established.

The other branch operation is that of Marshall Woellwarth & Co., one of Mercantile House's two moneybroking subsidiaries. Unlike Exco, which applied for a licence and started its branch from scratch, Mercantile House bought an existing broker, Maname, later changing its name to Marshalls; the branch still operates in that name.

Apart from any ceiling on market share there might be when a foreign broker goes it alone, the costs of setting up a Tokyo branch are prohibitive. Accommodation, both office space and homes for expatriate staff, is extremely expensive and the Japanese traditions of employment make staff difficult both to obtain and, if necessary, dismiss.

Happy arrangement

The third of the three quoted companies, Mills & Allen, have what it terms a longstanding "friendship" with Ueda. Market gossip has it that they have tried and so far have failed to agree the terms of a joint-venture similar to Exco's with Nippon, but Mr Peter Goddard, one of Mills & Allen's directors, says they are happy with the present arrangement.

If and when a more concrete relationship with Ueda does materialise it will be made available to both of Mills & Allen's brokers, Guy Butler (International) and Harlow Meyer Savage.

Besides Marshalls, Mercantile House owns Charles Fulton & Co., taken over in rather painful circumstances in March 1982. Although Mercantile's only direct presence in the tanshi market is through Marshalls it may be that in the not too distant future it will find itself involved with Yamane, the smallest of the four largest tanshi.

After Fulton's takeover Mr Robert Phelan, manager of its Singapore operation, led a management buy-out and became the majority shareholder of a hived-off Charles Fulton (Asia), consisting of the Singapore and Hong Kong businesses. Last September Yamane Tanshi bought a 25 per cent stake in Charles Fulton (Asia).

Although the two Charles Fultons are now independent of each other, it is widely believed that it is only a matter of time before a deal is struck by which the Far East operation rejoins a restructured Fulton group, with Mr Phelan as a major shareholder. If this occurs Mercantile House will have gained a second foothold in the Tokyo market.

Perhaps the most interesting link-up between a London broker and a tanshi, and certainly the one showing the most commitment, has been the quasi-merger brought about by the share-swap between Tullett and Riley and Tokyo Forex. Tokyo Forex, a subsidiary of the largest tanshi, approached merchant bankers Robert Fleming in 1980 and asked them to advise on buying a stake in a London money broker. The result is that Tulletts have become Tullett and Tokyo Forex International Ltd, which is 47 per cent-owned by Tokyo Forex.

In return Tulletts have 15 per cent in the Japanese company, which for UK regulatory reasons severed its links with Tokyo Tanshi by means of a management buy-out before the deal was closed.

Mr Peter Doney, joint managing director of Tulletts, rejects charges that the share-swap was more a case of a Japanese tanshi obtaining a London presence than a London broker obtaining a presence in Tokyo. Tulletts believe that when the Tokyo market does go international, foreign brokers will not necessarily be allowed to continue one-sided penetration of the market, and they therefore eschewed the paths of acquisition, separate joint ventures or establishment of a branch.

Now they say they are already feeling the benefits of their new ownership structure, even before internationalisation. The most obvious advantage is increased access to Japanese banks worldwide while the exchange of staff between London and Tokyo is increasing expertise and contacts without the usual associated problems.

But the big benefits of all London brokers' plans depend on internationalisation. As one broker said, if he had been asked in 1975 how long the process would take he would have said two years. Now, when asked when, the Japanese are still saying "Maybe two years."

P. M. Elstob
Editor, FT International Banking Report

There is already a strong tide of diversification overseas

Ultimate target is broad band of financial services

WHEN Mercantile House, the international financial group, acquired Oppenheimer Holdings, the Wall Street stockbroker and one of the top 10 fund managers, in the summer of 1982 British rivals of Mercantile were openly critical of the £91m deal.

"The only thing that money brokers and stockbrokers have in common is the noun 'broker'," was a typical remark at the time.

Yet the timing of the deal was well judged. In the eight and half months following the acquisition to the end of the group's financial year in April 1983 Oppenheimer and Co, the stockbroking and trading division, accounted for £20.2m in profits, out of total group pre-tax profits of £44.7m—a reflection of the very active trading conditions at the New York Stock Exchange.

Mr John Barkshire, chairman of Mercantile House

Last September Mr John Barkshire, chairman of Mercantile House, told Wall Street analysts that his group would be involved directly or indirectly in other financial service areas such as banking, insurance and perhaps property management advice. He has argued that the traditional demarcations between markets and between functions will have disappeared in the next few years. "Institutions will not be classified as banks, brokers, fund managers or insurance companies. They will all be classified as financial service companies offering a broad and diverse range of products," he said.

Mercantile House is evolving rapidly into a financial services conglomerate. Money broking is still important to the group; its money broking companies—under the Marshall name—rank as one of the two largest international brokers of its type in the world. Daily turnover is said to be in the region of $50bn to $75bn. Marshall operates in a Eurocurrency market or the international deposit market and the foreign exchange market.

Mercantile argues that the current fashion of volume discounts on brokerage has concentrated business with the four or five large international brokers. There are no medium-sized firms at all but there are a whole range of small local specialists.

In addition to its Oppenheimer interests Mercantile has an important commodity division, Rouse Woodstock. Mercantile has been in the commodities business for just three years or so but is setting up a global network in an effort to become a force in the commodities markets.

Mercantile also owns a broker which deals in U.S. fixed income securities — William Street Brokers — and a lease broking operation — Saturn Leasing.

Among its plans for future development Mercantile has been researching the possibility of taking an interest in a leading firm on the London Stock Exchange following the de-regulation of the market. "New groupings are going to have to occur to establish large well-capitalised UK-based institutions which are capable of living in a world now dominated by American and Japanese securities houses," said Mr Barkshire.

"I actually believe that if we at Mercantile House were allowed to do exactly what we wanted we would buy a jobber and a broker and put the two together at the same time and throw in a merchant bank and a discount house," he said. Already the name of Mercantile House has been linked with Gerard and National, a discount house, in talks which were aborted.

Mr Barkshire argues that in the future the international financial markets are going to be dominated by financial futures and options and their derivatives in the same way as the last two decades have been dominated by Eurodollars.

Financial futures markets, he says, are now entering a phase of "internationalisation" of which the creation of the London International Financial Futures Exchange represented part of the trend. The creation of the futures exchange in London would provide a vital link in the creation of a 24-hour market, partly because of the place of the London exchange in the time zone between the Far East and the U.S.

The uncertainty for groups like Mercantile lies in currency movements. Around 80 per cent of the group's earnings currently come from the U.S. If the dollar were to depreciate Mercantile House's earnings would be adversely affected. The group is planning its next drive for expansion in the UK, Europe and the Pacific Basin in an effort to establish profits in a wide variety of currencies. But so far, while the group has wished to diversify elsewhere, more frequent opportunities for investment have arisen in the U.S.

Like Mercantile House, Exco International—the other leading house—is committed to establishing a broadly based financial services group, extending from its traditional money broking operations. For some time the main driving force behind the earnings growth of Exco has been its stake in Telerate, the fast growing U.S.-based financial information network. Exco is keen to develop a global dealing business utilising the Telerate system to provide rapid information to clients.

As part of its overall strategy the group bought W. I. Carr & Co (Overseas), the Hong Kong stockbroking arm of Carr Sebag, in May 1982. After partners' salaries and Hong Kong tax WICO made £2.2m to March 31 1982. Results for 1982/83 were not disclosed but are estimated to have been lower as a result of less active markets and of heavy expenditure on an improved communications system. First-half profits in the current year are said to be well ahead of the preceding six months.

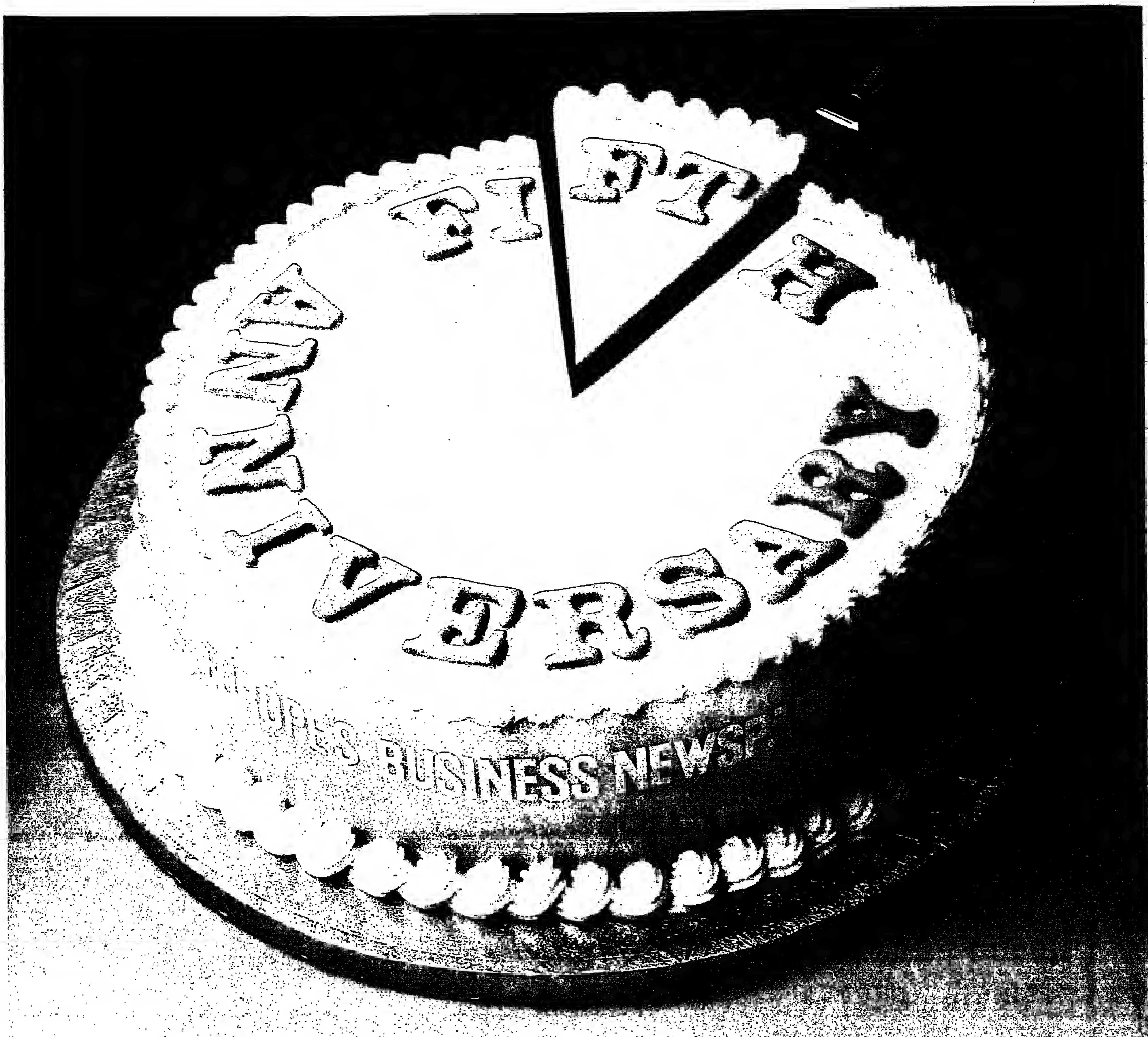
Like Mercantile, Exco has surveyed the London scene to take advantage of the opportunities arising from the de-regulation of the London Stock Exchange. But talks with Wood Mackenzie, the Edinburgh-based stockbroker, broke down when both sides failed to agree on how Wood Mackenzie should develop once it came under Exco's wing.

Exco is now contemplating developing its own dealing operation in London through hiring existing members of the Stock Exchange in the same way that Prudential Bache planned its entry into the London securities market.

For the moment both Mercantile and Exco will be concentrating on developing their activities in London to take advantage of the search for capital by the member firms of the Stock Exchange.

There are other attractions in forming a link with London securities firms. The Stock Exchange is liberalising its rules for dealing in overseas securities. Member firms are to be allowed to create international dealerships which will permit the participation of outsiders to a far greater degree than the present limitation of 29.9 per cent shareholdings in member firms. With their international networks the big money broking groups will want to capitalise on the latest changes taking place.

John Moore



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Nightmare Rock/Newcastle

Michael Coveney

It sounded like a promising idea: a new rock and roll musical by that gifted comic actor Kevin Williams who was the waiter in *Guys and Dolls* and is currently appearing in *Blondel*; something to do with a parody of Sherlock Holmes in hot pursuit of Elvis Presley, and a cast led by two outstanding musical performers, Diane Langton and Peter Straker, who first worked together on *Hair* in 1968 and whose combined, inflammatory talent might ignite even the dampest of shows.

And *Nightmare Rock* at the Newcastle Playhouse turns out to be exactly that: the dampest of shows. And the daftest. Stage parodies of the Conan Doyle characters are nothing new, but here author and detective are rolled into Sir Arthur Shirley-Jones, whose blast of cocaine in the opening scene induces a dream heralded by a blast of Elvis Presley.

This is the first Presley number of an evening which turns out to be full of little else. The Ku Klux Klan are investigating the case of the Prince of Rock and Soul. Sir Arthur (Richard Barnes) and Dr John Watt-Long Johnson (Larry Dann) suspect that the schizophrenic double act of Dr Jack Hale and Nurse Ide is involved, especially as they are in constant receipt of dead bodies courtesy of Burt and Harry.

Jack Hale and Ide are a *Rocky Horror* duo played by Langton and Straker. Mr Straker comes steaming on with the first of the Leiber and Stoller numbers, "Trouble." In black high-heeled boots, see-through blouse and spangled Afro hair-do, he affects a kind of robotic jig, as if manipulated by the hunch-back servant Egon who dances in crippled attendance and pulls a few levers to animate the grotesque backing group, the Gorgonaires.

The acquisition of bodies, the experiment of a Life Cure and the re-opening of the Rainbow Rooms with a show to remember—these themes do not so much emerge as sort of bump around into each other in between the songs. The music is provided by a good local band, the East Side Torpedoes.

The show is best when it operates just as a concert. In the rehearsal scene, Mr Straker almost goes up in smoke as he unleashes his extraordinary falsetto on "Mean Woman Blues."

Once Miss Langton hits the front in her tiny scarlet nurse's outfit there is no stopping her, either. In the laboratory she is reconstituting a fourth Gorgonaire with power drill, spare limbs and huge chopper. What to do with the microphone? Miss Langton inserts it into her ample cleavage and continues, calmly and with erotic nonchalance, to belt out "Anyplace is Paradise."

Ken Hill's production, bumptious and intermittently entertaining, never overcomes the dire paucity of the book, the tired old-fashioned camp of the concept and the inevitable, hysterical decline into an Elvis album.

The action is played on three areas, with some pleasant high-tech details, but Robert Jones's design necessitates some dreadfully cramped entrances.

Mention must be made, though, of a stunning third performance, that of Brendan Healy. Mr Healy had me squirming with embarrassment at his first act lobotomised body-snatcher, but the execution is undeniably brilliant, and his second act spiv even more so. This clever fellow trebles, even, as the musical director.

Christina Matthews and Lonnie Donegan

Mr Cinders/Fortune

Antony Thorncroft

Mr Cinders, the surprising but most deserved musical success of 1983 (and of 1929), has received another boost with the arrival of Lonnie Donegan in the title role of James, the male Cinderella forced to skivvy for his grand relations but fully deserving his fairy-tale ending.

Of course Donegan is, in theory, much too mature for the role but this just helps set him apart from all the bright young things, and he handles the comedy routines with the insouciance of an old trouper. He can also match the singing skills of Christina Matthews, the pert young oil baron's daughter, who is his reward for being nice.

Mr Cinders is a delight. The cast, quite wisely, do not go over the top, and as the melodies roll sweetly from Vivian Ellis's pen ("Spread a little happiness," "She's my lovely," and more) you wonder why Britain developed an awe of the Broadway musical.

Diana Martin and Graham Hoadly give strong vocal support from among a large cast in this topically escapist bonne mouche which gets it just right in scale, tempo and chirpiness.

Liberty's, London/William Packer

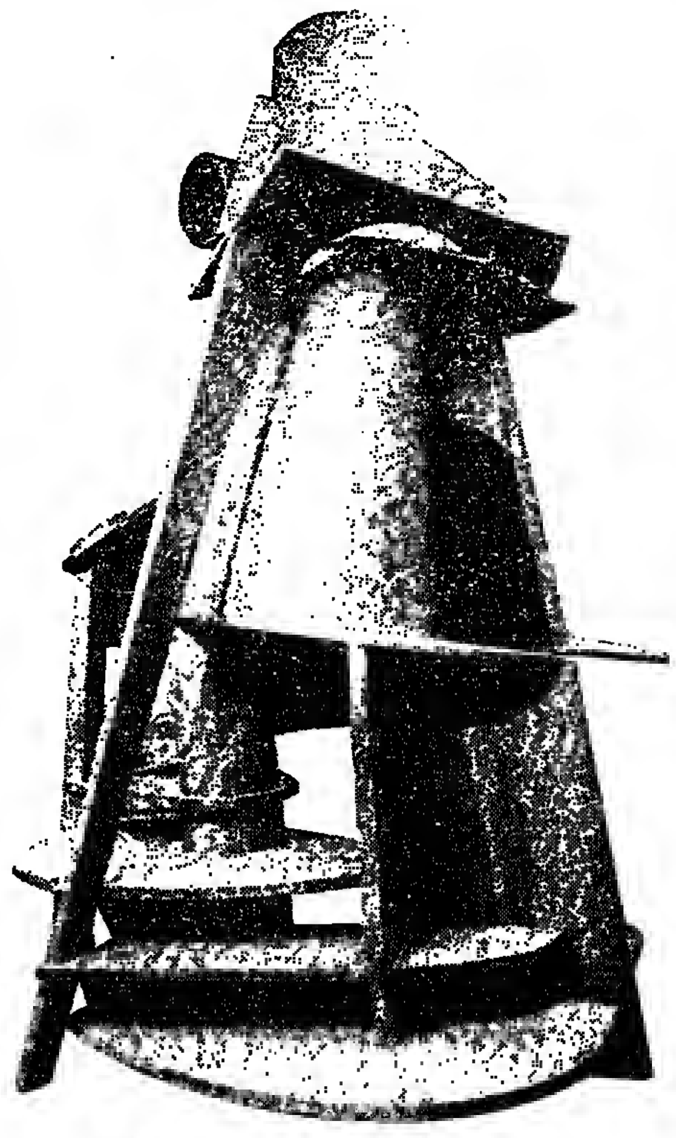
Artists furnish a room

The idea of the all-rounder, with its connotations of natural ability tempered by easy versatility, the balanced temperament, the man of parts, the true amateur, should come easily enough to us, with our courtier and soldier poets, our playwright architects, our gentlemen farmers, our whole history of polite accomplishment; and certainly it is not foreign to the history of art at large — Leonardo the inventor and speculative scientist, Rubens the diplomatist, Piero the mathematician, Caravaggio the man of action. But in our poor, constrictive age, we would far rather even the most expansive and energetic of cobblers should stick to his last, that we might know where he is, and we are.

The point is not that we should wait upon a second Leonardo to force the opportunity, but rather that we should not be so wastefully cautious as to wait at all. Our artists are always with us, and only need an imaginative proposition or commission to be set on their mettle. If they are not taken with it, or otherwise engaged, they can always say no, and there will always be very many more to ask in their place. The heresy of the Design lobby, so vocal now, is the reinforcement still further of specialisation when all good designers know how well they too respond to wider stimulation.

The idea, therefore, that the Arts Council should ask four distinguished artists each to design a room, entirely as they would wish and to be furnished from scratch, far from being outlandish, radical or questionably experimental, could hardly be more natural. In fact it has been explored often enough before: Whistler's Peacock Room, the Omega interiors to be seen even now at the Crafts Council, the more disciplined interiors of the Constructivists, the Bauhaus and de Stijl. Fourteen years ago Miss Jasia Reichardt put on a show at the ICA, "Ten Sitting Rooms," which was just that, more various than this latest exercise if perhaps less ambitious in particular scope and detail, in which the artists responded more directly through their work to a limited brief, adapting their work where necessary rather more than determining the space.

Now these four artists, Hodgkin, Hamilton, Caro and Chainsowicz, of such different practice and sensibility, are much more the masters of their given space, the only constraints the practicalities of an extended tour (from Liberty—until March 10—the show goes on to Wolverhampton, Southampton, Newport, Aberdeen and Sheffield) and of actual manufacture. The most immediately accessible of the rooms, both physically, as a comfortable and welcoming space through which to move (or indeed in which to stay and sit), and imaginatively, as one that could readily



The Child's Tower Room, by Anthony Caro, to be seen at the exhibition, 'Four Rooms,' at Liberty in Regent Street until March 10.

be seen as the familiar setting of a normal if rather stylish life, is by Howard Hodgkin, the painter who is to be our champion at the Venice Biennale this summer.

The image of the interior, in any case, has always been central to his work, spaces described in broad and deceptively simple statement, but richly atmospheric nonetheless, and inhabited more by a reduced and lingering human presence than by any realised figure. His room, empty, remains quite as sumptuously ambiguous, the colours cool yet lush, the tone heavy and even overbearing; and it is activated, given an oddly potent temporal dimension, by the battery of lamps that switch themselves up by degrees to full brightness and then as regularly step down again into comfortable gloom. The visitor sitting in an armchair, amongst the disarmingly elegant rusticity of the coffee tables, is discovered with no surprise, quite at home. All is to be had to order.

Richard Hamilton is as predictable, but more bleakly so, his room the most polemical and unambiguous of the four. It may be a bed, or a couch, or an operating table, beyond the curving screen with its panel of instruments, a heavy screen alight with Mrs Thatcher lowering above it, the white and olive two-tone walls redolent of the institutional life: but it is a tableau that stands in the direct line of his more cheerfully popu-list collaged interiors of the 50s and 60s, though high-tech has taken over from mod-con and B movie incident, and the millennium of "This Is Tomorrow" has failed to arrive. "The essential characteristic of such a space," he says, "is the way it implies an impartial energy; we shall, if we wait our turn patiently, be given the treatment. This threatening mood is intensified by the suggestion that what is good for us might not be good for them; whenever I am X-rayed, the retreat of an operator behind a screen makes me feel uneasy."

Marc Chaimowicz' engagement with the idea of the interior has always been more ironical and detached, and so much more ambiguous, his fastidious visual scenarios and suggestions, their refinement flirting with the precious, conjuring up quite other lives, unspoken histories. This commission has brought him down, as he happily admits, from his ivory tower; and the requirement imposed upon him to collaborate with craftsmen and workmen on the nicest detail, has been for him perhaps the most rewarding feature of the exercise. But it remains for him essentially a projection of the imagination, his room alone forbidden the visitor's actual presence and consequent participation.

"Its location is the centre of an imaginary city — a hybrid of parts of Paris, London and Vienna — and yet close to the sea. It is on one corner of an apartment, on the fourth or fifth floor and on a street junction overlooking both a railway terminus and a market. It is by implication therefore both here yet elsewhere." Simple, clear, pure, the sideboard curling along the wall, a tower of drawers rising in the corner, the desk that tilts alarmingly off the horizontal, a large blank window and another high up in stained glass, and a huge screen on the wall: "hence perhaps, within its purity, a sense of ambiguity or of disquiet."

Anthony Caro completes the square with his "Child's Tower Room," perhaps the most surprising of the four rooms, so much a single piece of sculpture and so characteristic of the artist, and yet delightfully adequate to the brief. Like Tatlin's tower, it rises in a spiral, off centre and getting smaller: and to enter it is to feel abruptly like Alice, as the space closes in. But it is indeed meant for children, the seats and ledges placed for their pleasure and convenience, the holes and tubes just so high that they must reach and stretch to peer out: a beautifully made folly in the tradition of tree houses, camps and hideaways. "The tower's openness at ground level invites entry. In fact this is the only sculpture I have made to be walked into and on to. The awkward entry and exit as well as the space inside the turret are made for children. But it is natural for children to explore and investigate spaces: which of us does not remember making houses under tables or between chairs with blankets? . . . (this) does not follow the central concerns of either discipline, sculpture or architecture, but it is a sortie into the hinterland between them."

Drama in Bristol

Martin Hoyle

The regions are reverting to solid red-blooded theatrical fare after the soufflés and sweetmeats of Christmas. The Bristol Old Vic's menu offers Shakespeare and Ibsen in the Royal's old auditorium and the New Vic's studio respectively.

A Doll's House works surprisingly well in the round. The polygonal acting area comes to assume the outline of a cobweb. However briskly the heroine rockets round the stage — and in Richard Cottrell's production she is giddyingly mobile — she remains hemmed in, though as vulnerably on display as any caged songbird.

Laura Davenport has the makings of a strong, intelligent Nora. At times almost a parody of the little woman, she tends to depict a child rather than a childish adult—a crucial weakness, bearing in mind Nora's ultimate capacity for self-knowledge. Moreover, to convey immaturity the director has imposed the gawkily undisciplined movements of modern adolescence, all swinging arms, loping strides, occasional spontaneous dance-steps, on this mid-Victorian bourgeois provincial. One almost expects her to burst out with "Aw shucks!" This may demonstrate unchannelled energy, but period feeling is absent.

When allowed to be still, as in her final credo of self-realisation, Miss Davenport is moving, needing only a shade more vocal variety to be totally gripping. Here for the first time William Hayland's Torvald, too, is more than a woodenly genial caricature.

Gillian Bevan's cool, clear-eyed Christine, the one strong character in the play, gains from calmer direction: her longing for work to fill an "unspeakably empty" life clearly anticipates Irena in Three Sisters. Gareth Armstrong convinces both at tentative blackmail and embittered redemption.

One feels modern feminists bristling at Ibsen's cunning trail-laying with the boys' Christmas presents of uniform ("very manly"), sword and trumpet, the doll and the cradle for the little girl — Bristol's three children, incidentally, are firstrate. It was heartening to see so many youngsters in the audience gasping at Torvald's patronising piggishness and absorbed by Nora's (still) revolutionary reasonableness. After a century this astonishingly fresh play holds good. What a shame that the final symbolic door-slamming that was to reverberate shockingly round Europe here sounds like the muffled clang of a belching hot-water pipe.

*

In the old Theatre Royal a matinée of *The Winter's Tale* jogged its unmerry way from tea to supper-time and left every minute of it. Points of interest in John McMurray's designs include Sicilia's Balkan look, all belted shirts, boots and floor-cushions ollo turca; and an austerely attractive set, minimal props (tree, candelabrum, oriental coffee-table) deployed against a stark background of blue or stormy skies.

Andy Hind's operatic tendencies may be responsible for the unimaginative stand and deliverishness of his production and a penchant for that twilit murk that passes for lighting on certain lyric stages. Infuriatingly, he muffs the bear scene with messily grouped peasants sniggering half-heartedly, having almost brought it off (ominous silhouettes, off-stage screams). Directorial stodginess presumably connives at a mummerset Old Shepherd and an exhaustingly charmless Autolycus who never fight free of that tiresomeness that dogs many Shakespearian clowns.

As Leontes Tom Chadbon exercises a gift for corrosive balefulness verging on the sinister that bodes well for Iago, Edmund or Bosola. Sophie Thompson's Perdita is a pre-Raphaelite waif, forehead high, chin firm: the flower-decked idyll with Florizel is off a canvas by Holman Hunt. Her vocal assurance and verbal intelligence contrast with the modern classless (ie crypto-cockney) delivery that makes her prince's utterances sound paltry.

Like Perdita, the Paulina uses her words as if they were everyday currency. Pat Heywood's warm-hearted integrity makes one forgive her matter-of-fact chugging tone: vivid, chatty, but with the resolutely prosaic rhythms of soap opera.

Andrew Hilton's firmly-spoken Polixenes is not unique in failing to recognise the foundling shepherdess's superior breeding: parental obtuseness seems the norm to judge from the baby-talk dished out to a strappingly mature Mamillius—whose lingering badinage with his mother's ladies recalls the false juvenile of *Little Lies* and triggers off quite the wrong associations.

Faust/Playhouse, Epsom

Rodney Milnes

To those who have long suspected that Gounod's *Faust* is an unpretentious *opera-comique* in ill-fitting *Grand-Opera* clothing, Nonsuch Opera's admirably enterprising production at the new Playhouse Theatre at Epsom last week came as something of a revelation: here—probably for the first time in this country, and anywhere for over a century—was the work more or less as Gounod conceived it for the Teatro Lyrique in 1859.

The use of the original spoken dialogue, translated for the occasion by the producer, Peter Foster, was all gain. Passages that can hang fire in the opera as we know it—Mephisto's fortune-telling, and his interruption of Wagner's song—trip along easily when spoken, and the Garden scene, with the formal numbers separated by dialogue instead of recitative, emerges as an ever more perfectly structured dramatic entity. Most important, the characters of Siebel (who returns to the Garden after the quartet) and Martha are more fully rounded; as in *Carmen*, dialogue tells you more about people in less time.

I have no doubt that this is how Faust should be performed—the score sounds truer to its idiom, less inflated. The time-saving element at Epsom was compromised by the inclusion of music not performed in 1859 (Valentine's cavatine and both of Siebel's solos), and in the final acts some peculiar transitions suggested that corners had been cut in the reconstruction of the original, but what should not be in an *Ur-Faust* is probably something that only Andrew Porter could establish after months of burrowing on the Quais of Paris.

Mr Foster's ambitious staging suffered a number of mishaps on the first night, and it took an act for the conductor, Helen Robertson-Barker, to find the delicacy of touch that Gounod demands. But the opera was very strongly cast, with Hilary Western a secure and credible Marguerite (she sailed over the Jewel song, that Beecher's Brook of disbelief, with ease), Geoffrey Pogson a mellifluous Faust, Kathleen Smales an enchanting Siebel, and Petrick Wheatley, a bluff Valentine. Ian Comboy was an elegant and restrained Mephisto until, thet is, be surprised everyone by taking his clothes off at the final curtain. Revelations at a musical level were surely quite sufficient to carry the evening.

EMAS/ICA

Dominic Gill

In the few short years since it was founded, the Electro-ecoustic Music Association has done more than any organisation in the country, and more effectively, to promote intelligent interest in the many varied applications of electronic technology to music. On Sunday afternoon EMAS presented the ninth of a series of 10 concerts during 1983/84 devoted to different aspects of the field—the last three programmes all emphasise the role of electronics in live performance, either by soloists or larger ensembles.

The live performer on this occasion waa the clarinettist Ian Mitchell. *Springsounds* for clarinet and tape by the Scottish composer Edward McGuire relied a little too heavily during the first half ol its 12 minutes on electronic-atudio cliches — especially "bouncing" rhythms and speeded-up tape effects; but the quieter and more lyrical interplay which later developed was gently pleasing. The American Joseph Kasinskas's *Phoenix Wind* for the same combination was differently and more rigorously modelled: an unusually closely notated trio counterpoint of live clarinet with two untreated clarinet voices on tape — a lively and intricately coloured web, deftly dovetailed, and delivered with impressive virtuosity by Mr Mitchell.

The rest of the programme was tape-music. *Metal Hormonics* by Margaret Sambell, a student at Birmingbam University, was composed on Birmingbam's Fairlight computer. Less than five minutes long, it includes two or three brief sections more reminiscent maybe of atudies in studio technique than composing; but otherwise it is a strong and original piece that betrays a real poetic sensibility and many arresting ideas in microcosm—I look forward to bearing ber next work.

I wasn't convinced that Jonathan Harvey's *Veils and Melodies*, comprising three different tape-pieces played aimultaneously, entirely vindicated the experiment, since the climax of the piece, when only one of the three tapes was playing alone, was by far its most memorable section. Lucien Goethais's *Contrapuntos* was a single-minded investigation of a single gurgling pattern, reminiscent in manner (though not in technique) of Pierre Henry's *concrète* essays of the 1960s, and abort enough to sustain mild interest. Bobdan Mazurek's *Epizody*, realised at the experimental studio of the Polish Radio, was a polished, histrionic essay that began with a strident climax and subsided, rather beautifully, into snatches of string-instrumental song.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

February 10-16

PARIS

Khovanshchina – Mussorgski's powerful historic fresco of the Russia of Peter the Great magnificently produced by Pier Luigi Pizzi with Woldemar Nelsson's Inspired conducting of the Colonne Orchestra at the TMP-Chatelet. (233 4444).

Maurice Bejart and the XXth Century Ballet: Messe Pour le Temps Futur, expressing the anxiety, the hope, the fascinatioo of the future. Palais des Congres. (266 2075).

LONDON

Royal Opera, Covent Garden: After a long wait, and two cancellations in past seasons, the Royal Opera finally brings into port its first staging ol Giordano's Andrea Chénier, a second-rank Italian opera of undeniable merit. The cast is led by José Carreras, Rosalind Plowright, and Bernd Weikl; the production, shared with Cologne, is by the admired Michael Hampe; and the conductor is the Welsh National's Richard Armstroog. Also in repertory, the successful Bohème revival, with Ilona Tokody, Dennis O'Neill, and Thomas Allen, cooducted by John Mauceri. (240 1066).

English National Opera, Coliseum: The new productioo of The Mastersingers of Nuremberg by Elijah Moshinsky, conducted by Mark Elder, alternates with the fragrant Traviata revival (with Nelly Miricioiu lambent io the title role) and the ENO's much-praised Gilbert and Sullivan, Patience. (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet has performances of Swan Lake and La Fille mal gardée.

ITALY

Milan: Teatro alla Scala: Giselle – with Italy's two top ballerinas, Carla Fracci and Elisabetta Terabust dancing alternately; Wagner's Tannhaüser conducted by Georges Pretre. (808 126).

Teatro Nuovo: Leading ballerina Carla Fracci directed by her husband Beppe Menegatti io a successful series of nine historical portraits of great dancers of the last ceotury. (700 036).

Rome: Teatro dell'Opera: Opera Buffa, La Perichole by Offenbach; La Cenerentola (La Scala production). (461 755).

Naples: Teatro San Carlos: Don Carlos conducted by Daniel Oren. (418 266).

Turin: Teatro Recio: New Production of La Boheme directed by Ugo Gregoretti; Fidelio directed by Peter Busse. (548 000).

WEST GERMANY

Hamburg, Staatsoper: Don Carlos highlights the week with Ruggiero Roimondi, Elena Obraszowa and Luis Lima in the leading roles. Die Zauberflöte has Carla del Re as Queen of the oight. Arabella, an Otto Schenk production, is steered to triumph by Judith Beckmann in the title role. (351 151).

Frankfurt, Opera: Premiering this month is a new production of Don Pasquale produced by Renate Ackermann. It has Gunther Reich in the title role and Barbara Bonney, one of the brightest young talents on the operatic sceoe, in the part of Norina. Pariser Leben is a well done repertory performance. La Traviata has Paula Page in the part of Violetta. Cav and Pag have fine ioterpretations by Maria Saltinaru and Seppgo Ruohonen. (25 621).

Berlin, Deutsche Oper: Premiering this week is a Jean Pierre-Ponnelle production of Fidelio, conducted by Daniel Barenboim. It brings together star teoor Peter Hofmann as Florestan and Catarioa Ligendza as Leonore. Further performances are Ariadne auf Naxos perfectly cast with Edits Gruberova and Janis Martin as well as Doo Giovanni. It features Edda Moser and Beogt Rundgren. (34 381).

NEW YORK

Metropolitan Opera (Opera House): First seasonal performance of Tannhäuser conducted by James Levine joins the new Rioaldo production conducted by Mario Bernardi and starriog Marilyn Horne; Stravinsky with the Met Ballet and sets by David Hockney; and Peter Halls' production of Macbeth, premiered last season with Renata Scotto as Lady Macbeth and Sherrill Milnes as Macbeth. Lincoln Center. (580 9830).

New York City Ballet (New York State Theatre): The fioal weeks of the company's season of mixed repertory includes performances this week of Afternoon of a Faun, Scotch Symphony and Kammermusik. Lincoln Ceoter. (870 5570).

Rococo exhibition at V and A

Sir Roy Strong, director of the Victoria and Albert Museum, has announced a major exhibiboo oo the long neglected subject of the rococo is to open at the V and A this May. *Rococo, Art ond Design in Hogorth's Englond* will run from May 16 to September 30 and will be a spectacular sbow.

It was Leigh Hunt who said that a parrot must have invenled the word rococo — a subject worthy of sucb a bird's tawdriness and incoherence. There will be nothing tawdry about this exhibition wbich will include 500 objects valued at more than £15m.

The rococo has always been a style that divides the critics and the opportunity to consider an assembly of the best examples of the period 1730 to 1760 produced principally in England is something exceptional.

In the tradition of the grandest V and A shows tbla one will evoke the atmosphere of the period as well as displaying the objects. At the centre will be a reconatruction of part of the Vauxhall Gardens wbere tbe fasbionable Londoner went to hear the mualc of Handel and sit in a supper box decorated wlth paintings. Handel was the presiding deity of the period, and the famous statue of him by Roubiliac will be at the centre of the exbibition.

To explore the decorative nature of the style, furniture, Spilalfields silk and the largest display of gold and silver by Paul de Lamerie ever assembled, wlll be shown in reconstructed room sets.

COLIN AMERY

Saleroom

Antony Thorncroft

The Earl of Iveagh, chairman of Arthur Guinness, is selling the contents of his English country house, Elvedon Hall in Suffolk. The sale, organised by Christie's, will take plece on the premises between May 21-25 and sbould raise in excess of £2.5m ($3.5m).

Announcing the sale, Lord Iveagh said "I cannot foresee my living in the house again, as I now live in Ireland. I would therefore like others to have the opportunity of enjoying the works ol art as much as I and my family have dooe in the past." There are no plans to sell the house itself or the Elvedon Estate.

The auction will be unusual in terms of its size rather than its quality. There will be over 2,500 lots, of which 1,300 will consist of furniture, in the main of English and Irish provenance and of a tremendous variety. Among the pictures there are many marine views, and a group of Classic Winners by the equestrian artist John Frederick Herring.

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A compromise in Moscow

THE KREMLIN power-brokers have taken the course of least resistance in picking Mr Konstantin Chernenko as their new party leader. The inevitable question, though, is whether the easiest choice was the best one.

Mr Chernenko was clearly outshone and defeated for the top party job 15 months ago by the late Yuri Andropov. This time his extensive grooming for ultimate power under Brezhnev paid off. The 72-year-old Mr Chernenko had the asset of long experience in running the party apparat while his contemporaries Marshal Dimitri Ustinov and Mr Andrei Gromyko concentrated on their defence and foreign affairs portfolios. He also had the seniority rank to pull on the younger contenders, Mr Grigori Romanov and Mr Mikhail Gorbachev. His selection is thus the least surprising outcome.

Men rise to the top in the Soviet Union by juggling often-conflicting party, military and generational pressures. These constituency pressures act as informal checks and balances to keep a collective leadership, particularly in the early days of a new general secretary. Little dramatic change is to be expected early on in the Chernenko era.

Speculation

Mr Gromyko and Marshal Ustinov will keep foreign and defence policy in their veteran hands and have a very important say in other matters. One of the younger leadership contenders might be consoled with the probably overdue job of replacing the 78-year-old Mr Nikolai Tikhonov as Prime minister. If the pattern of the last two Soviet successions is followed, then Mr Chernenko will sooner or later acquire the important symbolic post of president. It took Brezhnev three years to do that, and Andropov six months. But since Mr Chernenko seems, at this stage, a less considerable figure than his two predecessors, his power may remain diffuse.

For this reason, instant speculation about "Chernenko policies" is dangerous. It is worth remembering that initial hopes that one of Andropov's first moves would be a major initiative to end the war in Afghanistan were soon dashed. Soviet relations with the West are still at an impasse. Had Mr Romanov, who is believed to have advocated hardline, anti-western policies, been picked as the new leader, it would have been possible to predict a prolongation, even a worsening, of the arms control deadlock with the West.

Caution

Mr Chernenko is associated closely with the Brezhnevian detente of the early 1970s, but also with its breakdown in the late 1970s. It is likely that the Chernenko politburo will continue the arms control reassessment begun under Andropov, and make any decision on resuming negotiations with the U.S. dependent on a calculation of whether, on balance, staying away from the Geneva arms talks is helping or hurting the Soviet image in the West.

The same deliberate caution is likely in Soviet domestic policy. Again, had Mr Gorbachev, placed by Andropov in charge of the key agricultural sector, been chosen yesterday as the new leader, one could have forecast acceleration of economic reform. As it now is, the new leader is drawn from the ranks of veteran party bureaucrats, precisely that group which Andropov criticised last summer for representing the "accumulated inertia" against reform. From the start of this year factory managers in a few selected sectors and locations were given more decision-making autonomy.

In his acceptance speech, Mr Chernenko indicated that these limited reforms would continue. However, he said that the guiding principle would be "look before you leap."

Transitional

If they believe their Kremlinologists, western governments may be disappointed that the choice did not fall on Mr Gorbachev, or relieved that it did not fall on Mr Romanov. As it is, their reaction to Mr Chernenko will be pretty neutral, not least because, being 10 years older than the average life expectancy of the Soviet male, Mr Chernenko is likely to be another transitional figure.

They may also fear that the relatively colourless Mr Chernenko may be too old and politically too weak to respond to western overtures for a more constructive relationship. But the West has no alternative but to pursue the effort, and it cannot be more difficult than when Mr Andropov was dying incommunicado.

Abandoning the economic isms

THE THREE-DAY meeting of ministers, employers and trade unionists mounted by the OECD in Paris last week—a kind of international Nedo meeting—seems to have produced a considerably more helpful briefing for ministers than the OECD staff paper which will be laid before them this week. At least it recognised the rather glaring fact that some countries—notably the U.S.—have been far more successful than others in reducing unemployment. It also confronted such difficult questions as wage flexibility and work spreading, and the impact of high employment taxes on the demand for labour. There seems to have been some agreement that while flexibility and deregulation are helpful, public spending and investment may also have a role to play.

If ministers can match this open-mindedness, rather than engage in a sterile exchange of ideologies, some useful work may be done in the coming ministerial meetings, though this remains rather against the odds. The problems of making policy in the 1980s are now surely fairly widely understood. Fiscal stimulus to demand is constrained by the fear of inflation, which is likely to endure for some years yet; but it is absurd to pretend, against the background of U.S. experience, that it simply does not work.

Uncertainty

Depressed demand, against a background of unusually rapid technological change, has led to the strongest pressures for protectionism to have been experienced since the Second World War. But perhaps the most important impediment to growth is the enormous increase in uncertainty, which inhibits any long-term investment in industry, notably the wild swings in competitiveness which have been experienced in recent years.

This question, which M Delors of France seems determined to raise, is *astonishingly not even* mentioned in the OECD staff paper, which seems to be largely devoted to a depressing elaboration of the crowding-out *doctrine* in its crudest form. It is argued that public expenditure must be cut because voters grumble about taxes, and public borrowing inhibits investment. To argue that policy must create "room" for investment when the capital goods and construction industries remain severely depressed is to adopt a fatalistic approach to the possibilities of potential growth.

Certainly there is a strong case for looking again at the growth of redistributive expenditure and of social welfare programmes; in any economy, the division of income between its productive and non-productive members will affect growth. But it is equally important, as the conference recognised and the paper does not, to distinguish between this essentially burdensome expenditure — *even if* it is socially desirable—and potentially productive investment in infrastructure, education and research.

Co-ordination

If this distinction can be more generally understood, the meeting will achieve something useful;; but more important is the task of convincing ministers —especially those who are complacent about the domestic results of their present policies—that policy-making is now an international responsibility. Only better policy co-ordination will achieve the relative stability which is essential for a spontaneous revival of growth. The international linkages between financial and trade policies and exchange rates can be explained without isms; it would be helpful if OECD officials could concentrate more on these questions, where they are in a position to make a unique contribution.

THE SOVIET LEADERSHIP

The struggle has just begun

By Anthony Robinson

THE STRUGGLE for power in the Soviet Communist Party has not ended with the emergence of Mr Konstantin Chernenko yesterday as the sixth leader of the Soviet Union. It has just begun.

The ritual unanimous vote of the party Central Committee came at the end of four days of discussions and consultations in the Politburo. The ultimate decision to opt for the man who was defeated 15 months ago bears all the signs of a painfully achieved compromise.

At 72 years of age he is the oldest man ever to become leader. But although four years older than Mr Andropov when he was chosen, Mr Chernenko is apparently stronger and healthier than the other septuagenarian Politburo members who could, perhaps, have equally well been chosen as an interim leader.

Mr Andropov was chosen despite his age because he was perceived to possess the wide experience and skills to shake the Soviet Union out of its late Brezhnevian decline and set it on a new course. Mr Chernenko appears to have been chosen to hold the ring while younger men gain more experience and support.

It would be easy to dismiss his selection as a symbol of the lack of imagination and resistance to change of the ageing Kremlin power brokers. It certainly reflects the strength of opposition, at this stage, to the appointment of younger men who could be expected to hold power for a decade or more and really set their stamp on this vast, unwieldy multinational empire and world power.

Self-interest—and determination of existing office holders to cling to their power and privileges—was probably one important element in the choice. A younger man keen to build up his own power base would almost certainly have moved further and faster than Mr Chernenko is likely to do, without any guarantees that he would have proved as tolerant as Mr Andropov to those replaced.

One of the most positive features of Mr Andropov's rule was that he humanised Soviet politics by a lack of vindictiveness towards defeated rivals. He did not make them non-persons but allowed them honourable retirement, except where they were found guilty of massive corruption and abuse of power. In those cases they were tried and punished with due process of Soviet law.

Many must have asked themselves whether they would have enjoyed similar treatment at the hands of men like Mr Mikhail Gorbachev, or, with more force, Mr Grigori Romanov, the former Leningrad party boss who has a reputation for ruthlessness.

The selection of Mr Chernenko formally fills the vacuum left by Mr Andropov and ensures that the Soviet Union has a titular leader to greet foreign dignitaries after today's funeral ceremonies, and to chair key Politburo and other meetings. It also ensures continuity and guarantees a guiding role for the powerful older men who helped to run the Soviet Union under both Mr Brezhnev and Mr Andropov.

It means that the younger men can be advised and watched as they groom themselves for the eventual and unavoidable generation change. Above all, perhaps, the choice of Mr Chernenko provides a breathing space, time in which to complete a review of Soviet domestic and foreign policy objectives—and time for the West to make clearer its own hitherto cautiously expressed desire for better relations with Moscow.

In the meantime, the process of promoting younger, better educated men into key party, government, military and economic positions can be expected to continue, because a powerful head of steam for change and modernisation was built up under Mr Andropov.

This coalition of forces includes, indeed is spurred on by, the military top brass. They are deeply concerned about the growing relative technological backwardness of the Soviet economy and demand changes in order to supply the military machine with the electronic and high technology weapons of the 1990s.

Mr Chernenko was careful to reassure the military on this score when he said in his acceptance speech yesterday: "We will further see to it that our country's defence capacity be strengthened, that we should have enough means to cool the hot heads of militant adventurists."

It is not known at this stage whether Mr Chernenko will seek to combine his top party position with the posts of head of state and commander-in-chief of the armed forces, as did both his predecessors. Dividing these formal responsibilities would serve to underline the essentially collective leadership style under which the Soviet Union has been run in recent years.

The time is surely close, moreover, when Mr Nikolai Tikhonov, the 78-year-old Prime Minister who formally announced the selection of Mr Chernenko, gives way to a younger man. The Government, too, has become as gerontocratic as the party which supervises it.

The most likely candidate for the Soviet premiership at this stage appears to be Mr Vitali Vorotnikov, 57, who was rapidly promoted by Mr Andropov to become Prime Minister of the Russian Federation, the largest and most politically and economically important of the 15 Soviet republics, and a full member of the Politburo.

But the real question left unresolved by Mr Chernenko's appointment remains the identity of his eventual successor as party secretary. Mr Andropov signalled that the two men he was grooming for the post were Mr Romanov and Mr Gorbachev by *sitting them on either side* of him when he met a group of U.S. senators in the Kremlin on August 18, the last time he appeared in public.

This time round the two Andropov contenders seem to have cancelled each other out. But from now on the real power struggle in the Kremlin is likely to be waged between them.

Meanwhile it will be fascinating to watch how Mr Chernenko performs at the post-funeral diplomatic reception in the Kremlin's glittering St George's Hall today. There he will take on for the first time the burden and honour of representing the Soviet Union. A significant pointer to the style of the new regime will be the extent to which visiting heads of state and government will be allowed to meet the younger contenders of the future, and the way in which they, too, react.

Fifteen months ago Mr Andropov surprised and impressed world leaders with his poise and grasp of complicated world issues and the freshness with which he approached thorny Soviet foreign policy issues such as Afghanistan, relations with China and the West. The initial impetus soon ran into the sands, however, and all these thorny problems remain.

Today Moscow is once again, momentarily, the diplomatic centre of the world. China is sending the highest ranking delegation to visit Moscow since the break up of Sino-Soviet relations in 1964, the leaders of Pakistan, India and Afghanistan will be there in the hope of direct talks over Afghanistan and other issues. The Vice-President of the United States, the Prime Minister of Britain, key Middle East figures and top ranking delegations from the Soviet Union's Warsaw Pact and other allies, Nato countries, Japan and non-aligned and Third World nations will all be in Moscow to pay their last respects to Mr Andropov and hope to initiate new and more constructive relationships.

It would be fanciful to hope for any great decisions or any great changes. The next few days provide another rare opportunity to assess the hopes and fears of the Kremlin under a new leader, but, for the immediate future at least, essentially much the same team.

The choice of Mr Chernenko provides a breathing space

Mr Chernenko: A healthy septuagenarian

CHERNENKO: THE RISE AND RISE OF THE PERFECT BUREAUCRAT

THE SIXTH leader of the Soviet Communist Party, Konstantin Ustinovich Chernenko, was described by U.S. diplomats at the last U.S.-Soviet summit in Vienna in 1979 as "Mr Brezhnev's bag-carrier."

Mr Chernenko's entire career has been spent inside the Communist Party apparatus. His long association with Mr Brezhnev began in 1950 when the latter was made first secretary of the Communist Party in the southern republic of Moldavia and Mr Chernenko was secretary in charge of propaganda and agitation.

His career took off in 1965 when Brezhnev, as party boss in the Brezhnev-Kosygin-Podgorny "troika" which overthrew Mr Krushchev, called him to Moscow and appointed him head of the General Department of the Central Committee. His present power base in the party stems from this post which, in effect, made him responsible for placing loyal Brezhnev supporters throughout the huge party apparatus.

A year later Mr Chernenko became candidate member and then in 1971 full voting member of the central committee. In 1977 he entered the Politburo as a non-voting member and achieved full voting status one year later. By this time Brezhnev's health was clearly failing and Mr Chernenko's power and influence rose as Brezhnev came to rely on him increasingly to prepare essential papers and maintain vital links throughout the party apparatus.

He also accompanied Brezhnev on his travels and was at his side during the signing of the Helsinki agreements in 1975 and the U.S.-Soviet summit in Vienna. In public, he always appeared deferential and obedient, the perfect bureaucrat.

He was Brezhnev's own candidate for the succession. But he was outmanoeuvred by Yuri Andropov who could count on support from the KGB, the military, the foreign affairs establishment and the younger men frustrated by the immobility and drift of the declining Brezhnev years. A story put around by KGB disinformation channels at the time of the last leadership contest, had it that Mr Andrei Gromyko, the veteran Foreign Minister, interrupted Mr Chernenko during the vital Politburo selection meeting with the words "Chernenko, shut up, you don't know the difference between Libya and Lebanon."

This cruelly underlined Mr Chernenko's lack of experience in foreign affairs at a *time when the Kremlin power* brokers were looking for an experienced man to play the role of leader *of* a superpower with worldwide interests.

His power visibly waned as Andropov moved fast initially to establish his authority and began the *difficult process* of weeding out former Brezhnev supporters and replacing them by men loyal to him. But as Andropov's health deteriorated, Mr Chernenko came back, supported by an army of surviving Brezhnev men anxious to avoid the Andropov new broom.

Brezhnev appointees still have many votes in the central committee and this time, it seems, the powerful men who supported Andropov could not decide between the competing claims of such younger men as Mr Grigori Romanov or Mr Mikhail Gorbachev who themselves lacked the time to build up their own power bases and connections.

So Mr Chernenko finally *won the prize which eluded* him 15 months ago. But at 72 Mr Chernenko, born of humble Siberian peasant stock in September 1911, is the oldest man to become Soviet leader. *He* is physically unprepossessing, short and stocky with slanting eyes and a shock of white hair. He is a poor public speaker and totally uncharismatic.

Still, he is physically strong, despite a bout of pneumonia which kept him from work for a month last spring and he knows the labyrinth of party power like the back of his hand. He can be expected to hold the ring in a collective *Soviet ruling group until the* younger men have had a chance to prove themselves and the international situation has developed sufficiently *for the future course of East-*West relations to be seen more clearly.

Men & Matters

On trust

Roland Shaw, expansive chairman of Premier Consolidated Oilfields, spoke revealingly yesterday of the problems facing a small oil exploration company seeking to gain concessions in the Third World.

Top of his list was "associated local expenditure"—or, as Shaw paraphrased it: "We were massively out-bribed by the larger companies."

As the prospectors gathered on one occasion in a remote oil province, Shaw proposed to his rivals that all the applicant companies should agree to offer no bribes to the government in question.

But the chief negotiator of the largest U.S. oil company involved, declined the proposal. Not, he hastened to add, because he could afford the biggest sweetener, but because such an agreement would violate the U.S. anti-trust laws.

Sporting chance

A keen watcher this week at the winter Olympics in Sarajevo is Peter Lougheed, premier of the Canadian province of Alberta.

The event, and all the ceremonial attached to it, is providing a useful test-bed for the 1988 winter Olympics to be held in and around Calgary in the foothills of the Rocky Mountains — and, incidentally, the capital of *Alberta's oil industry*.

Lougheed has been in London discussing the depressed world energy situation with Government officials and industry contacts. He is taking solace from the fact that his province has recently concluded a record C$307m deal with the American Broadcasting Company which gives the network exclusive rights to the 1988 event.

Alberta officials leave no doubt about their confidence that the 1988 winter Olympics will be self-financing. They should not be compared, I am told, with the Montreal summer Olympics of 1976—where cost overruns and scandals continue to be the subject of domestic and international litigation.

Lougheed plans to be in attendance at the new Saddledome Stadium in Calgary when the Olympics begin. Whether it will be as a private citizen or as premier he will not predict.

First degree

Even before Britain's first degree course in retail marketing was given official academic approval last month, Manchester Polytechnic was getting scores of applications from prospective students. It now looks as though some 1,000 candidates will be competing for the 36 places in the first intake this autumn.

Proof enough, says Terry Beer, personnel director of the MFI furniture group, of the "tremendous gap" that the course will fill.

Beer, *with representatives* of other leading retailers like Marks and Spencer, Sainsbury, and British American Tobacco, has been closely involved in *planning* the course.

MFI, and most of the other 12 companies on the advisory committee, have agreed to support the venture with finance for research, staff exchange schemes, and the provision of places for the students' two periods of work experience during the four-year course.

Until now, says Beer, only two universities in the U.S. have offered degrees in retailing. "This will put retailing on the map in this country and help make it an acceptable career," he asserts.

Though some 2,000 graduates already enter the trade each year, Beer says the new course should provide a much sounder preparation for a managerial career.

It will cover most aspects from merchandising and buying to marketing and selling, from *data processing* and personnel to accounting and law — and sandwich them into project work within the retail trade from the start.

"At lease under the Russian system they don't have to put up with weeks of Party Political commercials"

Sister-in-law

For the first time since it was set up 19 years ago, a woman has been appointed to the Law Commission, which keeps the law under review and promotes reforms.

Brenda Hoggett, Reader in Law at Manchester University, is also, at 39, the youngest Commissioner ever appointed.

She was educated at Richmond, Yorkshire, High School for Girls and Girton College, Cambridge, before being called to the Bar in 1969. She has specialised in family and social services law and been a member of the Council on Tribunals since 1980.

When her appointment, together with that of her colleague at Manchester, Professor Julian Farrand, Professor of Law at the university, was announced yesterday, the Commission was slightly defensive about why it had taken so long to appoint a woman.

Appointments were made by the Lord Chancellor's Department, said a spokesman, adding that the Commission itself had no bias for or against women.

Hoggett appears to have benefited from a change in procedures. In the past when a vacancy has occurred on the Commission, head hunters have been sent out to find a replacement. They were never able to find a suitably qualified woman.

This time the vacancy was advertised. Ninety-two people applied—15 of them women.

For the benefit of other women who might wish to join, I should mention that another vacancy is about to occur and will be advertised.

Time out

A few days ago, John Lee, under secretary for defence, received an impressive-looking leaflet advertising a $125 "Defence and Foreign Affairs Handbook" produced in the U.S. It promised "a source of up-to-date historical, economic, political, demographic and defence data for every nation, colony and territory in the world — all in one volume."

So up-to-date, in fact, that the leaflet was addressed to James Wellbeloved, under-secretary for the RAF. Wellbeloved not only left office with the Labour Government five years ago, he left the Commons last year.

Taxing times

A Birmingham poster advertised a talk entitled: "The Middle Class: the backbone of Britain." Below it, someone pencilled: "Three cheers for the bled white and blue."

Observer

Letters to the Editor

North Sea oil exploration

From Professor P. Odell

Sir,—Your editorial (February 8) continues in the pessimistic vein which has marked most analyses of the North Sea's prospects since its early days. A decade ago the forecasts I made of the importance of North Sea oil and gas, in terms not only of volumes of prospective reserves and rates of production, but also in respect of the province's relative significance in world markets, were at variance with the then overall pessimism of other observers. Events and developments since then have more than sustained the views I presented.

Today it is simply too premature to write of the "last act" in the drama. By international standards, the process of exploration and exploitation has barely reached the end of the first act. Given the North Sea's complex geology, with its multiplicity of productive horizons in at least 40 sub-plays, together with the limited access to exploration rights arising from the strong restraints of the concession systems, not even the primary exploration phase can be considered at an end, so that there remain chances of major new discoveries. Beyond this, increasing knowledge and continuing re-evaluation of prospects hitherto discounted will, governments' policies permitting, ensure secondary and tertiary exploration efforts that go on well into the 21st century and offer the prospects for several decades yet of significant additions to reserves.

On the production side, the short-term forecasts, such as those in the recent Institute for Fiscal Studies' paper to which you refer, accept unthinkingly the nominal decline curves which were written into early evaluations of the fields involved; and thus produce horrendous decline curves in Government revenues even when they assume, also unwisely, that the unit value of oil produced will be maintained, or even increase. Such forecasts also ignore the realities of international experience, viz, that most fields go on producing oil and gas for much longer than first expected and projected. The extension of this principle to the North Sea province is no longer simply a reasonable extrapolation (as I have previously argued). It is now apparent from the behaviour of all those fields with a long enough production history to allow time enough for the appreciation factor to work.

The earliest field in the province, the Groningen gas field, is now known to be 60 per cent larger than its declared size a decade ago so that its plateau production rate can continue well into the 1990s instead of already being in decline. The large south North Sea gas fields are all in the throes of redevelopment whereby production will be kept at levels higher than "planned." Meanwhile, the Ekofisk, Argyll, Forties, Montrose, Piper and Beryl oil fields, with production histories of at least 10 years, are all in the process of reappraisal and/or extension with good prospects for the exploitation of reserves additional to those which were written into the original development plans. Thus, either plateau rates of production will be maintained for longer than expected, or the decline curves will be less steep than those used, for example, by the Institute of Fiscal Studies for purposes of revenue calculations.

It is unfortunate that realities in the exploration and production processes of a major hydrocarbons province such as the North Sea are not being taken into account in evaluations of the macro-economic and the geo-political effects of oil and gas production. Policies based on a "last act" interpretation of the North Sea's potential are unlikely to be robust. Your editorial is thus unhelpful as a means of achieving a reasonable and rational approach to the continuing challenge of the North Sea. Nevertheless you still end your editorial on an important note in respect of your advocacy of limiting government intervention in the timing and location of oil industry investment—though you neither go far enough, nor make the idea explicit. In 1976 in the report I submitted to the Secretary of State for Energy, at the end of my period as a special adviser on offshore oil and gas policy, I questioned the validity of the inherently interventionist concession system with the restrictive "rounds" of licensing of exploration activities as favoured by the Department of Energy for reasons which were never made clear. I wrote at that time "Any part of the continental shelf and slope should be open for a bid for a licence at any time by any party which sees it as offering an opportunity for potential development. . . . Whether or not the bidder seems to be "capable" of undertaking the task (except in terms of technical ability) ought not to be a prime consideration in the government response to the bid. An incapable entity will not be able to pursue its intentions very far — and we ought to be prepared to allow such a company to "lose" its own shareholders money. . . . Even a company which proves incapable of sustaining an exploration programme will generate some employment and income in the economy, produce some geological knowledge and, possibly, generate an element of technological advance in exploration methodologies. There will thus still be a benefit to the community from such private enterprise failures . . . . Some bids, however, will be successful in finding oil."

Had unnecessary and inappropriate government interventionism in North Sea exploration and exploitation been reduced or eliminated in the late 1970s then even you, Sir, might not now have felt the need to write of the last act in the offshore drama.

(Prof) Peter R. Odell,
Director, Centre for International Energy Studies,
Erasmus Universiteit,
Postbus 1738,
3000 DR Rotterdam.

Represented at Westminster

From Mr H. Rhee

Sir,—You describe (Leader, February 1) as "sensible" reform an electoral "reform" bill which may (or may not) come before the British Parliament. But that Bill, if passed unamended, would still leave the great majority of us who live and work abroad, unrepresented in that (or any other) Parliament. Your paper is read (with approval) by very many of us. But is that representation? I guess there are several hundreds of thousands of us, citizens of this one country alone who have no one (other than, one hopes, yourself) to speak for us.

Has any Select Committee or any one at all ever troubled to ascertain how many we are or what are our views on this? Our numbers, names and addresses are, of course, known to HM Consulates. Do all parties represented in the UK's present Parliament share the view that it is best that so many of us should not be represented in that or any other Parliament?

Citizens of 9 of the 10 member-states of the European Community—wherever they may be living and working—will have the right to vote in the Election, next June, for the European Parliament. The proposed Bill, you describe as "sensible," would leave one law for citizens of the nine and another for the citizens of the 10th.

H. A. Rhee.
CH-1203 Genève,
12, rue du Vidollet.

From Mr M. Goodman

Sir,—The proposal in the recently published White Paper on electoral reform that Britons abroad should have the right to vote in Parliamentary elections is a welcome one. In this way the UK would bring itself into line with many other countries which grant such rights to their citizens resident abroad.

However, I see no justification for restricting this right to a period of 7 years. Britons resident abroad are affected by UK legislation, witness the recent nationality act. UK legislation also affects the commercial activities of British companies abroad and those of us who continue to represent such interests would like to feel that we have some voice, however small, in the decisions taken by Parliament.

I hope, therefore, that the 7 year time limit proposed in the White Paper will be removed.

M. Goodman.
Rue Ravenstein 60, Bte 7,
B-1000 Bruxelles.

Confusion on portable pension

From Mr Christopher D. Hitchings

Sir,—The advocates of portable pensions (including yourselves) fill me with some confusion.

The inequity which I believe angers them so goes something like this: Two employees, sitting next to each other, have contributed identical amounts to pension schemes but one gets much more pension than the other because he has stayed with one employer and the other has changed jobs a few times.

The solution, so it is argued, is personal portable pensions. However, take a look at the tables of life company performance in any issue of Planned Savings. Are you not going to get the same situation except the reason why the first one gets a better pension than the second is that he chose X Life Assurance Company whereas the second chose Y Life?

Alright, so the personal pension option represents "free choice." But which is the more capricious: choosing how many times you are going to change your job or choosing which life company will be the best manager of your money over the next 40 years?

Christopher D. Hitchings
52 Waldemar Avenue
Fulham, SW6

Lombard

High-risk loans to small business

By Tim Dickson

IS THE drive to promote and ... small business ... available should be more firmly encouraged to put it into the business.

The loan guarantee scheme

From the General Secretary, Association of Independent Businesses

Sir,—Tim Dickson's article on the loan guarantee scheme (high-risk loans to small business, February 9), points to many interesting issues that will have to be resolved by Ministers in deciding the future of the scheme this year.

I think that the assertion that the banks have been using the scheme to bail out some shakier customers is most unfair and goes against most of the evidence of recent months since procedures were tightened up. On the other hand, monitoring of loans is a problem and will undoubtedly be an issue in any continuing scheme after May this year.

Mr Dickson poses the question: should guarantees not be issued where security is available to obtain normal bank lending but is refused by the applicant? Such a change would strike at the very heart of the scheme as conceived in the late 1970s. As the first Robson Rhodes report illustrated, less than 1 in 5 loans fall into this category anyway. To force the use of available personal security would effectively close the door to potentially successful entrepreneurs who are limited by a naturally cautious husband or wife and those with considerable family commitments. In practice anyway banks are increasingly packaging advances of cash under their own schemes (with security) and topping up with guaranteed funds.

What is not raised in the article, however, is the issue of the personal stake. It is right that businessmen contemplating the scheme should be judged with regard to their form of personal stake in the proposition. The enterprise allowance scheme, for example, has a requirement of £1,000 personal investment but no comparable requirement exists for the loan guarantee scheme. It would be wrong to put even a low figure (say £100) on any personal stake. An individual could have spent his savings on getting an idea drawn up to present to the bank. I suggest however that banks should look very closely at applicants who have no personal stake or could not show a commitment to their business idea for some considerable time.

The loss rate and the cost to the tax payer of the scheme is an obvious concern. The Government, however, has exacerbated the size of the problem by retaining the 'albatross' of a self-financing scheme in spite of the adverse economic climate for most of the pilot period and a heavy concentration (50 per cent of guarantees) on start ups. The scheme was designed and costed in a much brighter period of economic activity than 1981-1984. At the same time no one has yet proved the failure rate of the scheme is significantly higher than a corresponding figure for start-ups. If out of a 100 loans 50 are to start ups and they have a failure rate of 50 per cent, while established businesses have a 10 per cent failure rate, the overall loss rate would be 30 per cent. Yet all businesses have the same premium to pay.

Tim Dickson is quite right to point out that the Government's continuing commitment to small business will be judged this year by the fate of the loan guarantee scheme. It should be made permanent, refined in certain respects, but overall be judged much more realistically in the future with a cost benefit analysis counting jobs gained against guarantees paid out. The current review, hopefully, will see the decline finally of the bugbear of a strict insurance based scheme.

J. B. M. Donnellan.
108 Western Street, SE1.

From Mr D. Hawkins

Sir,—Tim Dickson in his Lombard piece (February 9) makes some good points about the Government's loan guarantee scheme. Undoubtedly, there is a need to keep the scheme under review and to avoid unnecessary risk and loss to the tax payer.

But surely Whitehall should not take fright after only three years. The benefits from the scheme will come only when the surviving companies, be they 75 per cent or 66 per cent of those backed, develop to the point where they can make a real contribution to GNP and employment. This could take years, but given time, could go a considerable way towards transforming our economy—as appears to be happening in the U.S., where the revival of economic growth is based as much upon small firm development as major corporate reinvestment.

At the same time, Dickson is quite right about the need for on-going financial control and reporting. As a small company which itself obtained support under the scheme, we have helped others to obtain help, and in almost every instance, we have established appropriate financial monitoring systems, for the benefit of the company, the lenders, and ultimately of course, the tax payer.

There is usually a dire need for good financial control, as well as sound, commercially based advice—which all too often is not forthcoming from the conventional sources.

David Hawkins,
Holroyd Management,
53 Church Street,
Weybridge, Surrey.

From Mr R. Harvey

Sir,—I agree entirely with the value of the loan guarantee scheme to the community, even allowing for the grey areas mentioned in the Lombard column of February 9. The failure rate of the scheme must, of course, be viewed in conjunction with the amounts raised by the interest rate premium.

Those failures which have occurred within the scheme must be seen as highlighting the existing problem — the quality and operation of financial controls in so many small businesses. Proper financial monitoring is absolutely essential in this type of situation.

Where I part company with your article is in the solution mentioned, the provision by the bigger accountancy firms of a more cost effective service for smaller clients. My feeling is that too many smaller businesses will be unable or not prepared to pay for such a service. Quite apart from this the small business should be able to operate its own financial recording system without having recourse to expensive—rarely understood — reporting from outsiders. A better answer to the problem must surely be the wider provision of training in financial management and reporting.

R. N. Harvey.
Tweed Services,
157, High Street,
Southend-on-Sea,
Essex.

Choosing an architect

From the Director, Personnel and Corporate Development, Trebor

Sir,—It happened that Michael Manser's letter (January 31) on "coping with the shock of the new in architecture" apeared the day before my company received the RIBA 1983 award. I wish to give strong support to his plea for clients to take a greater responsibility for the buildings they commission.

We received the award (with Arup Associates and French-Kier) for a building, about which we are not just satisfied, but proud. It may be of some value to others to know the process we used.

We had little or no experience of designing new buildings, so first worked with some design consultants (Wolff Olins) who gave us valuable help in clarifying what sort of building we really wanted. Then we asked for help from the RIBA in selecting an architect. They guided us to a list of possible firms and were open and objective about their suitability.

Having gone through the stage of clarifying our needs and aspirations as a management team, we now wrote down a list of criteria on which our final selection would be based. Several senior colleagues and I then met the short-listed architects. The typical reaction to the criteria list when it was presented at the outset of each meeting was of great surprise—as though this was most unusual. We then sought and gained permission to consult former clients and visited their buildings. We made a point of asking them about their experience of working with the architects they employed. Finally, we put together all we had learned about our own need and about the particular design and management strengths of the architects and made our final choice.

It all seems obvious enough, but I gather from architects that our approach was almost unprecedented. I am left with two questions: "How else would you do it?" and "How, if you don't take care about the choice, can you complain about the architect or the building?"

A. C. Chapman,
Trebor House,
Woodford Green,
Essex.

Robert Holmes à Court

A new strategy emerges

By Michael Thompson-Noel in Melbourne

MR ROBERT HOLMES A COURT, chairman of Australia's Bell Group, was in Melbourne last week, a city be enjoys visiting "because half my children are at school here (at Geelong Grammar), and because half my raceborses are stabled in Victoria."

However, racehorses are mere baubles when set against the range of business forays that Bell Group currently has in train. In London, Mr Holmes à Court is presently mounting a change at Fleet Holdings, publisher of the Daily and Sunday Express, of which be holds more than 9 per cent.

Will he launch a full-scala bid for Fleet? It is impossibla to say, for the Holmes à Court trademark is maximum flexibility—the maintenance of as many options as possibta, each buttressed by a range of fall-back positions, and each constantly re-scrutinised (often every hour).

But the current play in Fleet Holdings is overshadowed by a moch bigger Holmes à Court manoeuvre in Australia, where in recent months he has made a determined move into nstural resources.

His new strategy moved into top gear two weeks ago wben Bell snatched a controlling 46 per cent stake in the Bermudan-based oil gronp, Weeks Petroleum, which in turn controls 51 per cent of Weeks Australia. The latter has a 10.31 per cent stake in the important Jabiru oil strike in tha Timor sea, off Northern Australia.

It is clear that Mr Holmes à Court is now launched on a pbase of expansion whicb will dwarf his A$78m acquisition, in March 1982, of the UK-based Associated Communications Corporation empire formerly run by Lord Grade. (ACC's profit level, be says, has now been restored to "a rate better than in its historical heyday.")

Although a hero to his shareholders (be is regularly cheered at Bell Group annual meetings), Mr Holmes à Court is as far removed from the stereotyped Australian go-getter as it is possible to conceive, probably because he arrived in Perth in a roundabout way. He was born in South Africa and his family moved to New Zealand in the 1950s.

He read law at the University of Western Australia.

His first takeover bid came 14 years ago, where he acquired a stake in Western Australian Worsted and Woollen Mills for A$75,000 — the start of an astonishing run that has seen him involved in some extraordinary takeover duels.

He is invariably described as languid, relaxed, reserved and immensely courteous. He can also be ruthless.

In the decade to last June, the Bell group's revenues rose from A$3.2m to A$505m and operating profits from A$961,000 to A$18m (78 per cent up on the previous year). Its interests include TV and film production, newspapers, property, transport and manufacturing.

Last week Mr Holmes à Conrt made a further move into natural resources when Bell Resources, signed up to take a 5 per cent stake, costing A$138.8m (£86.2m), in two massive Queensland coal consortia being formed by Broken Hill Proprietary (BHP, Australia's biggest company). This follows BHP'a purchase of the Utah International resources group from General Electric of the U.S. The two new consortia own 1.82bn tonnes of rich Queensland coking coal.

Mr Holmes à Court also revealed last week that Bell Resources had recently increased its shareholding in BHP itself to approximately 8m shares and options, equivalent to 2.3 per cent of BHP's shares. BHP recently reported an 111 per cent increase in interim net profit for the latest half-year, to A$285.9m, of which A$186.5m was derived from oil and gas. One of BHP's most glamorous prospects is a 50 per cent stake (as operator) in the Jabiru oil find.

Mr Holmes à Court's emergence as a high-stakes player in Australian resources has occurred only in the past seven months. Last August ha suddenly dealt from the pack a joker in the form of an audacious offer for BHP shares. His vehicle: a bumble Western Australian subsidiary, Wigmores, acquired only three days previously.

The bid had a technical value of A$4.13bn and was greeted hy laughter and derision. Its dignity punctured by this pinprick from the West, BHP was irritated, for Mr Holmes à Court was saying that he would outperform the "Big Australian." In his original offer documents to BHP shareholders, Mr Holmes à Court said that over the previous 10 years, Wigmores shareholders had done four times better than BHP's, and that Bell Group had fared 30 times as well.

He is not loved by BHP. At the company's annual meeting in Melbourne last autumn, a sbarebolder proposed that Mr Holmes à Court be appointed BHP's chief executive at an annual salary of A$1m. The suggestion was frostily rejected.

At present, the BHP shareholders who accepted Wigmore's original offer are well in front. There is now speculation that Mr Holmes à Court will launcb a second, much more credible move on BHP later this year.

In his Melbourne office last week, Mr Holmes à Court's eyes narrowed gleefully at the thought of the chase. He dresses like a banker—grey suit, white shirt, slim tie. Often one has to strain forward to bear wbat he says.

"When we made the first bid for BHP shares," be said carefully, "we bad a clear vision of wbat step two might be. Step one established a benchmark. There may be a step two, if there is, I know precisely what form it will take."

Why has be chosen this moment to move into resources?

He says that formerly there was littla opportunity for good investment. "Since the 1960s, entry into Australian natural resources investment was available only at unattractive prices, because of Australians' belief—a cargo cult belief, really—of an impending resources boom.

"However, after the 1983 recession, there was quite an adjustment of perspectives. Utah, for example, is unique. It is a very superior group of mines. I can't point to a better opportunity over the last 20 years to buy into, at far lower than development cost, a project that is up and running.

"I'm not trying to pick the cycles. My eye is on the product."

Mr Holmes à Court is taken a great deal more seriously in Australia than he is in London, wbere be is still remembered for his outlandish sally at Rolls-Royce Motors in 1980 and for the messy takeover of ACC whicb involved him in a sharp run in with the City Takeover Panel.

Whereas in Australia be is regarded as a budding international entrepreneur, his London image is that of an adroit share trader capable of pulling off the occasional big coup.

Future developments at Fleet Holdings may sbow which picture is more accurate.

FINANCIAL TIMES

Tuesday February 14 1984

ITALY'S BIGGEST UNION REJECTS COUNTER-INFLATION MEASURE

Craxi faces wage policy revolt

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, the Italian Prime Minister, today faces a serious but indirect challenge to his Government from the opposition Communist Party, whose members in the leadership of the CGIL union yesterday voted to reject the Government's proposals on reducing wage indexation.

This evening Sig Craxi is due to meet unions and employers for what could be the final meeting on proposals which he put to them at the weekend. Unless he can in the meantime persuade the CGIL to change its position, he faces the difficult decision of whether or not to sign an agreement with the other two unions without the CGIL.

Both the Christian Democrat oriented CISL and the pro-Socialist UIL unions are broadly in favour of an agreement, as is Confindustria, the employers association. But an agreement to which the CGIL – the largest single union – was not party could be a risky undertaking for the Government and could provoke trouble on the shop floor.

Last night it was not clear whether the other two unions would sign an agreement without the CGIL, though Sig Giorgio Benvenuto, leader of the UIL, said he would not rule it out. There is also doubt over whether such an agreement would be legally binding on CGIL members.

Sig Craxi involved himself personally in the talks, which have been going on for nearly two months, at the weekend in meetings at Palazzo Chigi, the Prime Minister's office. He outlined the Government's detailed plans for a comprehensive incomes policy for this year which aims to get inflation down to an average of 10 per cent, compared with the present rate of 12 per cent and last year's average of 15 per cent.

The proposals include limits on rises in state-controlled prices, a one-year rent freeze, reductions in interest rates, and special help for industrial areas in crisis.

But the crucial issue is the *scala mobile*, for which the Government is proposing to allow only a preset number of points on the index which triggers quarterly pay increases in compensation for inflation. It also proposes removing from the cost of living index the effect on prices of rises in the dollar against the lira.

This should have the effect of slowing down price rises, the Government believes. If the target of 10 per cent were exceeded wage earners would be compensated in 1985 in the form of income tax reductions.

The proposals received cautious approval from the other unions and Confindustria, but with the CGIL opposed Sig Craxi gave the unions 48 hours to reach a common position. The deadline expires tonight.

For days it has been clear that the CGIL itself, is badly split between its Communist majority – headed by Sig Luciano Eluciano Lama, its veteran leader – and its socialist minority, led by Sig Ottaviano Del Turco, the unions deputy leader. The main point at issue is the proposed reduction in the working of the *scala mobile*, which the Communists reject.

Yesterday the Communist majority outvoted the Socialists in rejecting the Government's proposals.

Although the Communists in the union have in the past not always followed to the letter the dictates of the Communist Party it is evident that their present intransigence is part of the policy of Sig Enrico Berlinguer, the Communist Party leader, to put up strong opposition to the Socialist-led Government.

An agreement on an incomes policy including reduced indexation would be a major political success for Sig Craxi, which is a major reason why the Communist Party is determined to try to block it.

If the Government, employers and other unions signed an agreement without the CGIL there would probably be a battle in the factories for the support of the CGIL members which could cause serious industrial disruption.

Stoltenberg praises stability achieved by EMS

By Jonathan Carr in Frankfurt

DR Gerhard Stoltenberg, the West German Finance Minister, last night highly praised the exchange rate stability achieved by the European Monetary System (EMS), which began operation five years ago next month.

Although there had been parity changes in the EMS on seven occasions, Dr Stoltenberg noted in Frankfurt, excessive currency fluctuation such as that of the U.S. dollar had been avoided.

The EMS had also helped head off the danger of competitive currency devaluation and had encouraged salutary domestic economic policy steps to be taken by the member-states, he said.

"We should not underestimate this success, since the member-states are able to carry on between 40 to 50 per cent of their foreign trade on the basis of relatively stable exchange rates," Dr Stoltenberg said.

He was speaking at a dinner attended by about 100 senior businessmen, politicians and diplomats and organised by the Financial Times to mark a fifth anniversary of its own. *In January 1979*, the FT first began printing its International Edition in Frankfurt.

While praising Europe's efforts to achieve monetary integration, Dr Stoltenberg also poured scorn on the idea that European currencies might be artificially "de-coupled" from the erratic dollar.

Those who suggested this, the minister said, were usually pleading for introduction of capital controls – "something which is absolutely out of the question as far as we are concerned."

It was inconceivable that the D-Mark, the world's second reserve asset after the dollar, should be turned into a "mousetrap currency" (i.e., one into which investors could clamber but from which they could not escape).

The challenges posed by the dollar, Dr Stoltenberg stressed, could only be answered by effective domestic economic policies which encouraged confidence in the currencies of the countries concerned.

"Maybe it will take some time before the inner strength of the D-Mark is suitably honoured by the currency markets," the minister said, "but that does not change my view that that moment will surely come."

Turning to other European Community issues, Dr Stoltenberg underlined that the EEC stood at "a *critical turning point*" following the failed Athens summit conference in December.

He made clear that Bonn had not swerved from its view that extra funds could be voted for the Community only if there were first reform of EEC budget and farm policy.

Picture, Page 2

THE LEX COLUMN

Taking stock by the minute

The new FTSE Index – "footsy" to its friends – answers an obvious need for a market measurement which is both comprehensive and up-to-the-minute. The impetus for the index has come primarily from the traded options and futures markets but it should gain a following in the equity cash market as well.

For a while at least, the co-existence of the FTSE and the FT 30-Share Index may give rise to some confusion. Yesterday, thanks to several dividend adjustments, the FTSE was pointing in the opposite direction to the 30-Share. A proliferation of indices in the U.S., however, has failed to undermine the position of the Dow Jones industrial average and there must certainly be room for more indices in the UK.

The FTSE provides the London futures market with an excellent opportunity to extend its product range. A contract based on the S & P 500 caught on like wildfire in Chicago and, while Liffe cannot hope to emulate the U.S. example, it could easily reach a volume of around 2,000 contracts daily, enough for a reasonably liquid market. The contract will be attractive to jobbers seeking to hedge their books against a sudden bull or bear run, while the expected link with Chicago should provide speculative interest.

Moreover, so long as it abandons the curious idea of a deliverable contract, Liffe should encounter no tax problems with the new instrument. The traded options market, by contrast, has to obtain exemption from gaming legislation, gain a competitive advantage over the Ladbroke Index and others, and tempt some of the big players away from the futures contract. But nothing ventured, nothing gained.

Dalgety

Dalgety is plainly a leaner and better-coordinated animal than it used to be. The 73 per cent rise in *interim pre-tax profits, to £31.3m*, is only partly due to comparison with a poor first half last year, and to the benefits of acquisition. Yesterday's 10p rise in the share price, to 458p, is primarily a response to the sense of logic which Dalgety is imposing on its previously rambling empire.

After the disposal for $40m-plus of its U.S. frozen vegetable business – shortly to be announced – Dalgety will have whittled its operations down to areas which have either inherent growth potential, or at least good cash flow. Thereafter, the game-plan envisages an acquisition on the U.S., within the areas of food or agriculture.

All the same, the only substantial growth area in the UK is pet food, where Mars provides truly formidable competition. And although Martin-Brower in the U.S. is still going strong, the Canadian lumber business will always be subject to the cyclical nature of the U.S. housing market, just as the farm businesses will be at the mercy of the weather.

On full year pre-tax of £63m, the actual tax p/e would be about 9, and the yield about 7.5 per cent. This seems to allow for the fact that beyond a two year view, growth relies largely on unspecified plans in the U.S.

Nottingham Mfg.

Nottingham Manufacturing has spent £40m on improved efficiency in the last five years, £10m of that in the latest year to December. This has now enabled it to turn a 9½ per cent gain in external sales – partly off-set by lower inter-group sales – into a further improvement in its net trading margin, despite higher imported raw material costs and precious few price increases across its whole textiles range.

Pre-tax profits of £24.6m, up from £21.3m, also include a gain of £0.9m on the investment account which has produced £7.2m on cash and investment of £91.5m. Contrary to the appearance of the abridged balance sheet – which carries no explanation of an accounting change apparently dispensing with leased assets – Nottingham has not given up its leasing business and the £91.5m includes leased assets with a net worth approaching £20m. But the 7.9 per cent yield on the whole account anyway compares with 7.7 per cent in 1982, so the financial management has been less casual than the accountants' presentation.

Some of this cash might yet be spent on another acquisition while organic growth is closely linked to higher export sales. At 222p, the shares yield 4.1 per cent and stand at an undemanding multiple of 9½ to earnings taxed at 20 per cent.

Hanson/London Brick

Even if London Brick's board condemn the latest – and final – offer from Hanson Trust as inadequate, it must privately be delighted that its vigorous defence has wrung such a high price from a skilled takeover expert. The enhanced paper offer values Brick at only a whisker short of £250m, at least 23 times the attributable earnings reported by the company in any year except 1983. If Brick makes the £36m forecast for the current year, Hanson would cover its finance costs with some margin to spare and earnings per share would benefit. But, assuming that Hanson does not accept Brick's own asset valuation, the purchase would entail significant goodwill and even the defending merchant bank would be hard pressed to argue that 1985 profits will show much of a gain. It may just be that Hanson is paying too high a price at what turns out to be the top of the cycle.

London launches real time index

By John Moore in London

A NEW INDEX, based on minute-by-minute share price movements of 100 leading companies listed on the London Stock Exchange, was launched yesterday.

The indicator, which is expected to be known as the FTSE index once details have been finalised between the Financial Times and the Stock Exchange, in its first day of formal operation showed a rise of 0.3 at 1018.3. The FT Industrial Ordinary index, the barometer of 30 leading shares, fell 2.4 to 803.

Sir Nicholas Goodison, Chairman of the Stock Exchange, said that the new index had come into being "because both the futures and traded options markets wanted an index on which to deal."

A new traded options contract based on the index is to be introduced in early May. The London International Financial Futures Exchange is to introduce an equity index futures contract based on the index as soon as it has clarified stamp duty complexities surrounding its proposed new contract.

Mr Jeffrey Knight, chief executive of the stock exchange, said yesterday: "We are expecting that the index will be called the 'FTSE' index. We have been talking to the FT for some time. We recognise the value of having the FT associated with the new index."

Mr Richard McClean, deputy chief executive of the Financial Times, said that there was "no question of the FT 30-share index disappearing" following the creation of the new, more broadly based 100-share index.

The largest 100 companies measured by their market valuation are included in the new index. In the full listing of the original 100 companies there are 69 industrial groups, five oil companies, 21 financial companies, two investment trusts, two mining finance companies and one overseas trader.

The index, which has been functioning prior to the launch since January 3, uses a base of 1,000 to allow whole number changes every day and facilitate trading of futures and options contracts linked to the new indicator.

In the preparation of the index, stock exchange staff tour the market floor for prices which are fed into the stock exchange's Epic computer system. The Epic system recalculates the 100 share index each minute based on changes in the prices of the constituent stocks.

A steering committee will monitor the functioning of the new index. Representatives from the main users of the market, such as the insurance companies, the unit trusts, the pension funds and investment trusts have places

Stock markets, Section III
Background, Page 8

Peugeot takes softer approach on redundancies at Citroën

BY PAUL BETTS IN PARIS

THE PEUGEOT group has decided to adopt a "soft" approach to its job reduction plan for its large Citroën subsidiary, in contrast to the hard line taken on the same problem at *its Peugeot and Talbot divisions.*

The private French car maker announced to the Citroën central works committee yesterday that it would ask 3,500 of Citroën's 45,000 workers to consider early retirement. Citroën is also asking immigrant workers who wish to return home to take advantage of new repatriation incentives.

The French Government is drawing up measures to encourage immigrant workers in the car industry to return home.

The state-owned Renault car group has also announced plans to work out suitable incentives to help immigrants, who form a large portion of the workforce in the Paris-area car plants, to repatriate.

Citroën has warned that unless it can reduce its workforce, viability will be threatened in three year's time. It has decided to adopt a stage-by-stage approach to job reductions and will decide what further measures to take after all early-retirement possibilities have been exhausted.

The Peugeot group does not want to repeat with Citroën the trouble caused last year by heavy job reduction plans at its Peugeot and *Talbot car divisions involving more* than 7,000 workers. Those led to a bitter labour dispute ending in violent clashes at Talbot's Poissy car plant outside Paris.

In a further effort to support modernisation of the French automobile industry, the Government has agreed to help finance a Renault project to design and build a fuel-efficient car.

The Government will advance Renault FFr 750m (US$88.8m) in low interest loans for the project, to be made available by the recently established French industrial modernisation fund.

Peugeot is also expected shortly to receive low-interest loans from that special state fund, although the amount will be less than that for Renault.

Modernisation of the French car industry has become one of the priorities of the Government's recently announced industrial reconstruction programme. The programme has been launched at a time of difficulty for the domestic car industry, which suffered a slump last month.

Provisional figures released by the French Car Manufacturer's Association yesterday show a 9.1 per cent fall in French car registrations last month compared with January 1983. The sharp decline in registrations reflects the slump in Talbot car sales due to the prolonged labour dispute at its Poissy plant.

The January decline in registrations also appears to confirm fears by domestic car producers that 1984 will be a tough year for the French market. After a strong 1983, with more than 2m registrations, car industry officials fear that registrations might decline to as much as 1.8m cars this year.

FTC approves Texaco bid for Getty Oil

Continued from Page 1

Mr Pertschuk warned that the FTC decision "effectively invites the major oil companies to race to acquire *reserve-rich middle-tier firms.*" He said that such a rush would threaten the continued viability of the independent sector of the industry and thus the discipline of price competition for the majors.

He said competition was endangered particularly by the requirement for Texaco to supply Getty customers in California at fixed prices. This agreement is to last five years.

Since Texaco first announced its *surprise* bid for Getty early last month, U.S. oil shares have soared despite a near 100-point decline in the Dow Jones industrial average. Investors believe many major oil companies are coming round to the view that it is cheaper to "find oil on Wall Street than in the ground" by purchasing the undervalued assets of other oil companies.

Gulf Oil has risen by nearly a third, Phillips Petroleum is up 15 per cent and even Texaco itself is up by nearly 15 per cent as investors have noted the steady acquisition of shares by the wealthy Bass family from Texas. They have spent close to $1bn acquiring a 9.8 per cent stake.

Texaco will dispose of several Gatty operations to meet FTC requirements. It had already announced the planned sale of Getty's marketing activities in the northeastern part of the U.S. In addition, it is to sell Getty's oil refinery at El Dorado, Kansas.

Buenos Aires in move to end Falklands deadlock

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA is prepared to drop its insistence that the issue of sovereignty must form part of an initial round of conversations with *Britain over the future* of the Falklands.

This concession to break the diplomatic deadlock is expected to be made public this week when President Raul Alfonsin makes a nationwide broadcast, according to high level government officials. The broadcast was planned for the end of last week but was postponed at the last minute because of the death of Mr Yuri Andropov, the Soviet leader.

Sr Raul Alfonsin

While attending the *inauguration* of Venezuelan President Jaime Lusinchi in Caracas earlier this month, President Alfonsin proposed that the United Nations (UN) should act both as an intermediary to establish a dialogue and as a possible guarantor of security on the Falklands by sending troops there.

Sr Alfonsin's forthcoming message is expected to be more conciliatory. He is expected to drop preconditions that the first round of conversations with Britain – as opposed to negotiations – be necessarily under the auspices of UN resolutions approved in 1965 and 1982. These urged both nations to negotiate their dispute over the islands. Britain has refused to be bound by these resolutions.

Senior government officials in Buenos Aires indicated yesterday that Sir Alfonsin's remarks in Caracas were a spontaneous personal initiative aimed at demonstrating his *Government's commitment* to *non*-belligerence and in no way represented the final word on the dispute.

His proposals were rejected by the British Government. A statement from Sir Geoffrey Howe, the UK Foreign Secretary, said that Britain preferred to deal *through* established channels of Switzerland and Brazil – looking after the UK and Argentina's interests respectively. Britain also said that it was still awaiting a reply to "specific proposals" put forward for the normalisation of relations.

Sr Alfonsin's forthcoming statement is understood to be the fruit of more than a week's intensive consultations by the President with close aides and Foreign Ministry officials. Furthermore, it will seek to answer the proposals put forward by Britain through the Swiss.

Argentine insistence on including sovereignty at the earliest stage of conversations has been a major stumbling block until now. Nevertheless, Argentina still is insisting that it will only put a formal end to the state of hostilities and re-establish normal commercial and diplomatic ties with Britain as part of a wider agreement between the two sides.

This should include the lifting by Britain of its 150-mile protection zone round the islands, a halt to its military fortifications and an understanding that Argentina's claim to the Falklands would be considered at a later stage of negotiations.

Kitchenware group in buyout plan

By William Dawkins in London

PRESTIGE GROUP, the British maker and distributor of kitchenware, yesterday confirmed that it was planning to buy the company from its U.S. parent, American Home Products (AHP).

A consortium of institutions and management is talking to Barclays Merchant Bank and stockbrokers Phillips and Drew with a view to making an offer for all of the equity, 73 per cent of which is owned by AHP.

At yesterday's price of 260p, up 15p, Prestige has a stock market value of £47.3m ($66.6m). AHP said the terms suggested by the group were not acceptable and it had been in discussion with other buyers. The U.S. group added that it could give no assurance that it would dispose of its interest in Prestige soon.

World Weather

		°C	°F			°C	°F			°C	°F
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[illegible]	[illegible]	[illegible]	[illegible]	Malta	–	–	–	Seoul	C	3	37
[illegible]	[illegible]	[illegible]	[illegible]	Manila	S	26	79	Singapore	C	30	88
[illegible]	[illegible]	[illegible]	[illegible]	Miami	C	26	79	Stockholm	C	1	34
[illegible]	[illegible]	[illegible]	[illegible]	Milan	–	–	–	Strasbourg	S	0	32
[illegible]	[illegible]	[illegible]	[illegible]	Moscow	S	-7	19	Sydney	S	30	86
[illegible]	[illegible]	[illegible]	[illegible]	Munich	S	-5	23	Tangier	C	18	61
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Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Ford sees $1.8bn profit

Continued from Page 1

er costs associated with new model introductions, and higher marketing expenditure in Europe. Nevertheless, factory sales overseas rose by 3 per cent during the year to 2.3m units, generating sales of $16.1bn.

In the domestic market, Ford's market share rose from 16.9 per cent to 17.2 per cent, and the company swung from a net loss of $1.1bn to $1.5bn. Unit sales rose by 28 per cent to 2.69m vehicles, while turnover amounted to $28.4bn.

Ford said that it had not been able to recoup all of its material and labour cost increases in higher vehicle process, but added that its results reflected higher volumes, a more profitable sales mix and its increased market share.

U.S. would welcome talks in Moscow

Continued from Page 1

ern diplomats since Mr Andropov disappeared from the public eye last August – that the Soviet leadership would decide on a temporary solution and that it might be years yet before a stable and predictable leadership was in place.

"After the insubstantial intermezzo with Andropov, the Soviet leadership must realise it cannot again afford a *policy of transition*," Herr Rühe said. But he pointed out that once again a politician "of advanced age" had been named as top man.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday February 14 1984

RSV given control of unsold coal excavators

By Walter Ellis in Amsterdam

THE DESIGNER of a coal excavator which helped to bring about the collapse of the Dutch shipbuilding group, RSV, has been ordered to surrender control of the project to RSV receivers.

Mr Reis Hengstmengel, a Dutch businessman, has described as "unbelievable" last Friday's decision by a Hague district court judge that the disposal of excavators already built – and valued at about Fl 275m ($89m) – should be a matter for the receivers only.

Mr Hengstmengel has had to inform his associates in the U.S., where most of the excavators are stored, that the machines are now the legal responsibility of RSV. He now sees little chance of recouping any of the millions of guilders he put into the project.

RSV was declared bankrupt last year, with a loss of 6,000 jobs, largely as a result of management failure. Mr Allard Stikker, the former chairman, resigned, and a parliamentary commission of inquiry is now seeking to determine exactly what went wrong – only the second such inquiry in the Netherlands this century.

Mr Hengstmengel has always contended that his invention would have been a considerable commercial success but for RSV's sales strategy in the U.S. Only four of the machines are now operating, while another 30 are in storage.

RSV had originally used Mr James Stacy to sell the excavators in America but had to apply to the courts to win back custody when it became apparent that he was accepting large fees but making few sales.

It is now widely accepted that the machines are technologically advanced and that sales strategy has been the weak point. RSV belatedly sought to save the project by pumping millions of dollars intended for the construction of two Taiwanese submarines.

This ploy, however, only served to compound the group's financial crisis

Coca-Cola buoyant as each division advances

BY PAUL TAYLOR IN NEW YORK

COCA-COLA, the world's largest soft drinks company and owner of Columbia Pictures, yesterday reported higher fourth-quarter earnings and an 11 per cent increase in full-year earnings from continuing operations. This reflects a 7 per cent increase in U.S. soft drink retail volume and the strong performance of Columbia Pictures, which contributed $91m in operating profit for the year.

The group said it achieved "substantially higher earnings in each of its business sectors, despite the strength of the U.S. dollar which was one factor leading to reduced soft drink unit volumes in Latin America. The company also noted that while it expected "good increases" in net income this year, the strength of the dollar would "continue to restrain reported dollar earnings growth."

In the latest quarter Coca-Cola reported a 6 per cent increase in net earnings from continuing operations which grew to 120.3m from $113.5m in the 1982 fourth quarter.

In the fourth quarter $4.28m in income from discontinued operations made a final net of $124.6m or 91 cents a share compared with $121.33m or 81 cents a share in the same 1982 quarter when income from discontinued operations totalled $7.785m. Revenues increased by 9.1 per cent to $1.73bn from $1.59bn.

The latest results lifted Coca-Cola's net earnings from continuing operations in 1983 to $558.3m, compared with $502.98m in the previous year. Income from discontinued operations produced final net earnings last year of $558.8m or $4.10 a share, compared with $512.2m or $3.95 a share in 1982 on revenues which increased by 13.4 per cent to $6.83bn from $6.02bn.

The company said virtually all major soft drink operations achieved increases in unit volume, market share and profits last year, while the foods division posted significant increases in earnings and market share and the entertainment business achieved "excellent results in Columbia Pictures' first full year as part of the Coca-Cola Company".

Mr Roberto Goizueta, chairman and chief executive, said he was "particularly pleased" with the gain in U.S. soft drink volume "an achievement which enhances our leadership in the soft drink industry".

The company said its combined U.S. operations – soft drinks, foods and entertainment – managed to increase operating income by 24 per cent last year and accounted for 60 per cent of total revenues

Dr Manfred Meier-Preschany

Dresdner key man resigns

By John Davies in Frankfurt

DR MANFRED Meier-Preschany, one of the most controversial and colourful figures in West German banking, is to leave the management board of Dresdner Bank, the country's second largest bank.

Dr Meier-Preschany's 30-year banking career has been spent entirely with the Dresdner Bank, where he has been a management board member for 13 years.

A highly extravert personality, the 55-year-old Dr Meier-Preschany has become well-known in both West German and international banking circles. He has been responsible on the Dresdner board for North and South America and was involved in putting together the bank consortium to save the AEG electrical concern from bankruptcy.

The Dresdner Bank said yesterday that Dr Meier-Preschany would ask the bank's supervisory board at its meeting on April 3 to release him from his management board role.

At the same meeting, the supervisory board will decide Dresdner's dividend for last year

Production gains boost Norsk Hydro earnings

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, sharply increased after-tax profits last year, mainly due to a better performance by the group's land-based activities, especially fertilisers, aluminium and petrochemicals.

Preliminary figures put profit after tax, but before end-year adjustment, at about NKr 1,150m ($149.3m), compared with NKr 794m in 1982. Provision for taxes was calculated at approximately NKr 1.8bn (NKr 560m). The 1983 tax provision includes a supplementary provision of about NKr 130m relating to 1982.

Turnover rose 45 per cent to NKr 29bn. A large part of the increase reflected the acquisition late in 1982 of companies in Denmark and the UK.

Mr Odd Narud, group president, said oil and gas again had made the largest single contribution to profits, although figures for agricultural products had also been satisfactory. The international economy had improved during 1983, particularly in the second half of the year.

This had led to increased demand and higher prices for most of the company's products. At the same time, Hydro had increased productivity in most of its major land-based activities, with particularly marked success in the aluminium and petrochemical sectors.

Both these areas were now in profit, and Hydro had emerged "as a stronger company, from the difficulties we have been experiencing during the past two years."

The new, favourable trend should mean that in coming years there would be a better balance between earnings from land-based activities and those from oil and gas, Mr Narud added.

Group operating profits reached an estimated NKr 4bn compared with NKr 2.67bn in 1982. By sector, they were as follows: petroleum NKr 2.8bn (NKr 2.61bn), agricultural NKr 750m (NKr 399m), aluminium NKr 250m (NKr 10m), petrochemicals NKr 150m (minus NKr 248m).

Zanussi to concentrate on appliance sector

BY CARLA RAPOPORT IN LONDON

ZANUSSI, one of Europe's leading home appliance manufacturers, recorded a sharp increase in sales last year despite a flat demand for home appliances generally.

The Italian group sold 4m appliances, a 12 per cent improvement on 1982 and the best sales performance since 1976. Sales improved by 15 per cent to L1,800bn ($1.1bn) from L1,560bn in 1982.

The sales improvement is particularly welcome for Zanussi, which has encountered serious financial difficulty in the past year because of the troubles of its electronic subsidiaries. In 1982, the group lost L130bn, and last year announced a programme aimed at recapitalising the company and reducing its debt.

According to Professor G.B. Bozzola, a member of Zanussi's executive committee, the group will shortly spin off its electronics subsidiaries. Under the reorganisation, Industrie Zanussi will become a holding company for Zanussi Domestic Appliances. This group will concentrate solely on home appliances, catering appliances and components manufacture.

Prof Bozzola stressed that Zanussi's home appliance operations had been operating in the black despite the company's troubles. "Zanussi Domestic Appliances has been a good father earning lots of money, but one or two of his sons have been wayward. So, like a good father, he is kicking them out of the house and letting them get on with business on their own," he said.

The divestiture ties into a government-led initiative to rationalise Italy's consumer electronics sector. The programme, which will cost L360bn, is expected to be completed this year.

Zanussi still has more than L600bn in debt, more than four times the value of its equity base plus reserves.

L'Oreal sees 1983 profits over FFr 1bn

By David Marsh

L'OREAL, the internationally diversified French hair products and cosmetics group, expects pre-tax profits last year to have risen to around FFr 1.2bn ($142m) from FFr 978m in 1982, on sales up 24 per cent to FFr 13.5bn.

The group, which makes more than 50 per cent of its sales outside France and is the world's leading producer of shampoos and hair lotions, said the increase in turnover on the basis of comparable group composition and before exchange rate changes was about 17 per cent.

Full profits figures have not yet been calculated. L'Oreal's 1982 net profit was FFr 550m, and the group has already announced FFr 314m of net profits in the first half of last year.

The group has been making efforts to expand its pharmaceutical and health care business.

Saint Gobain surges out of red after strong overseas results

BY DAVID MARSH IN PARIS

SAINT GOBAIN, the diversified French glass and steel pipe manufacturer taken into state ownership two years ago, made a net profit of about FFr 250m ($29.5m) last year after losses, swollen by exceptional factors, of FFr 592m in 1982.

The group, which expanded its turnover to FFr 57.4bn last year, up 12 per cent from 1982, made a net industrial profit – before exceptional losses resulting from withdrawal from the information technology business – of FFr 400m, well up from FFr 257m in 1982. The improved results owed much to international activities.

The company has made extensive efforts in recent months to diversify out of traditional manufacturing by buying stakes in companies in the public works and water distribution businesses.

Last year's clear improvement follows a series of indications of a better performance from heavy loss-making industrialised groups nationalised in 1982. Computer group Bull and aluminium concern Péchiney have both confirmed a sharp reduction of 1982 losses. Thomson, the loss-plagued electronics group, and Rhône-Poulenc, the state chemicals company, have also profited from extensive restructuring to reduce their 1982 deficits.

Saint Gobain said its spread of activities, both by geography and by products, enabled it to weather 1983 despite difficulties encountered in important sectors. Heavy losses persisted in its French insulation, engineering, wood and fibres businesses.

By contrast, its packaging business made "very good" results, while activity was "satisfactory" in flat glass and held up in spite of economic difficulties in plant construction. Results in the pipes division, however, fell significantly.

Out of overall group turnover, 50 per cent represented sales in France with 16 per cent in West Germany, 15 per cent in the U.S. and 19 per cent elsewhere.

Exports from France fell to FFr 8.1bn from FFr 8.4bn in 1982, when foreign sales were boosted by exceptional deliveries to Iraq.

Overall net profit of the group, before making allowance for minority interests and exceptional factors, rose last year to FFr 740m from FFr 521m (restated after accounting changes).

Cash devoted to self-financing last year rose to FFr 2.9bn from the 1983 published figure of FFr 2.7bn (FFr 2.5bn after correction).

Investments last year rose to FFr 4.5bn from FFr 3.85bn.

New issue for Finnish bank

By Lance Keyworth in Helsinki

UNION Bank of Finland, one of the country's two big commercial banks, is to double its share capital from FM 1bn to FM 2bn ($340m) with a new share issue.

A novel feature of the issue is that about $40m of it will be offered to foreign investors, the first time a Finnish bank has done this.

Mr Mika Tiivola, chairman, says the bank is increasing its share capital to match strong expansion of both domestic and international operations. It recently applied for permission to open a branch office in London.

Pirelli Brazil sees decline

By Andrew Whitley in Rio de Janeiro

PIRELLI Brasileira, a subsidiary of the major Italian company and the leading tyre and cable manufacturer in Brazil, saw its profits decline by over 50 per cent in 1983, to the equivalent of $38.6m.

Profits deteriorated during the second half of 1983 to finish the year at Cr 23.7bn, down from Cr 15.3bn.

Spanish banks study Banco Atlantico bids

BY DAVID WHITE IN MADRID

FOUR SPANISH banks are studying possible bids for Banco Atlantico, the largest and most prestigious of the banking interests taken over by the Government last year in its expropriation of the Rumasa group.

The banks have until mid-March to present their offers to the Deposit Guarantee Fund, the semi-state bank rescue body which acts as administrator for Atlantico and the other 19 Rumasa banks.

They are Banco de Bilbao, Banco de Vizcaya, the state-controlled Banco Exterior de España, and Banco Arabe Español (Aresbank), in which the majority is jointly held by Libyan and Kuwaiti interests.

Other major Spanish banks, however, declined initial approaches from the fund, including Banco de Santander, which was earlier expected to be a prime contender in conjunction with a group of minority shareholders of Atlantico.

The Barcelona-based Banco Atlantico has assets of about Pta 270bn ($1.7bn)

Swiss Volksbank lifts payout

BY JOHN WICKS IN ZURICH

SWISS VOLKSBANK, the major Swiss bank, reports a 22 per cent increase in net profits for 1983. Earnings total SwFr 62.2m ($27m) against SwFr 50.9m in 1982.

The improved performance, the bank's best profit for three years, is allowing the dividend to be increased, with the payment going up to SwFr 53 a share from SwFr 45.

The bank is to open a London branch early next year which will initially employ about 20 people. Operations will be centred on securities, Eurobond underwriting, foreign exchange and commercial transactions.

Mr Walter Ruegg, general manager, said an "almost complete plan" for a London branch was in existence in 1981 before the bank postponed a number of projects following a major setback from silver losses and a narrowing of interest margins. "Our foreign expansion is not over with the London step but we shall first concentrate on developing this project," he added.

Setback for Swedish medical group

By David Brown in Stockholm

GAMBRO, Sweden's fast-growing maker of kidney dialysis equipment, has reduced its 1983 forecast of pre-tax profits by "between SKr 10m and SKr 15m" from the original SKr 170m ($21m) estimate because of problems in the start-up of a new dialyser product line, Lundia 10.

Production is now proceeding according to schedule, says Gambro, which increased pre-tax profits for the first eight months ending August by 36 per cent to SKr 107m. It has also received approval from the U.S. Food and Drug Administration (FDA) to market equipment for on-line haemofiltration in America.

The group claims a 20 per cent world market share in kidney dialysis equipment. The new haemofiltration equipment, said to reduce the time and cost of treatment, will be marketed in large quantities at the start of next year. Gambro estimates there are about 700,000 dialysis patients in the U.S.

Gambro also recently signed a distribution agreement with the American firm, Sterile Design of Clearwater, Florida, for its heart-lung equipment.

HUNGARY'S LIGHT BULB COMPANY PLANS COST CUTS AND RETRENCHMENT

Irish closure dims Tungsram prospects

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT, IN LONDON

IMMEDIATE prospects for Tungsram, the Hungarian light bulb company which is Comecon's only multinational manufacturer, have been dimmed by the closure this year of its Irish subsidiary in Cork, after only a year of full operation and a total loss of more than $7m.

The Budapest-based management is confident, however, that with financial and labour retrenchment at home in Hungary and with maintenance of successful ventures in the U.S. and Austria, the future is reasonably bright.

Even in the UK, which was supplied for a brief time by the ill-fated Cork plant, Tungsram claims that its share of the general light bulb market has dipped only slightly below the 1982 peak of 8.2 per cent. Its hold on a quarter of the UK car light bulb market remains unaffected by events in Ireland.

The new Tungsram management – the product of a clean sweep of the top jobs a year ago – is very frank about shortcomings in company policy before 1983. Mr Bela Band, picked as Tungsram's commercial managing director last year from his old job at the Orion television enterprise, says over-ambitious expansion was the main reason why Tungsram went "bankrupt" with a loss of forints 500m ($10.75m) in 1982.

He explains that the former management were convinced that world demand in the late 1970s justified a 50 per cent expansion of production and of the workforce.

How this growth strategy came unstuck as market conditions changed was illustrated by Tungsram's Irish venture. An oversize factory at Cork, strike-related supply difficulties in Ireland and continued recession in the more important UK market wiped out the initial tax advantages offered by the Irish authorities.

The venture started out as being joint Hungarian-Irish, but under an agreement that the Hungarian side would buy any shares offered for sale by the Irish investors it was, by last month, purely Hungarian. Tungsram is now in the process of paying off the I£2.3m ($2.6m) owed to its main creditor, the Allied Irish Bank.

Tungsram prefers for the moment not to contemplate any new foreign ventures, says Mr Band. Its most profitable market at present is the U.S., served by the Tungsram joint venture with Action Industries of Pittsburgh. The 49 per cent Hungarian share in the New Jersey-based company, Action Tungsram, has particularly benefited its Budapest parent because of the current strength of the U.S. dollar. Tungsram has a majority share in its manufacturing venture in Austria, which is performing satisfactorily, according to Mr Band.

Tungsram's priority now is to concentrate on Europe. "This is our natural market, but competition here has become almost unacceptable," Mr Band says.

Tungsram has sought to meet this competition by putting itself on a sounder financial footing with some state money. By writing-off old debt, its Hungarian workforce will be pruned from 25,000 at the start of last year to around 23,000 by the end of this year. Tungsram rid itself of some heavy research and development costs by selling a micro-electronics subsidiary last year.

It is also trying to upgrade its range of products, concentrating particularly on energy-saving lighting and on sales of production equipment and expertise.

It will be some time before Tungsram again ventures into establishing another West European manufacturing base. But British light makers, unhappy at the prospect of Tungsram setting up shop so close to home in Ireland, may be well advised not to breath too deep a sigh of relief at the failure of the Cork venture.

Tungsram executives have made it clear they intend keeping and possibly enlarging their UK market share with deliveries direct from Hungary.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. $250,000,000

Kingdom of Spain

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The following have agreed to subscribe or procure subscribers for the Notes:

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The issue price of the Notes is 100 per cent. nf their principal amount. The Nntes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue nf the temporary Glnbal Nnte.

Interest is payable semi-annually in arrear in February and August, the first payment being made in August 1984.

Full particulars nf the Notes and the Kingdnm nf Spain are available in the Extel Statistical Service and may be obtained during usual business hnurs up to and including 28th February, 1984 from the hrokers tn the issue:

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

14th February, 1984

Securities groups seek UK bank licences

By David Lascelles in Tokyo

A LONG-RUNNING tussle between the UK and Japanese banking authorities over the desire of Japanese securities companies to open banks in London is dogging relations between the two countries.

The big four securities groups, Nomura, Yamaichi, Daiwa, aod Nikko all applied several years ago to the Bank of Eogland for liceoces to take deposits in the UK, the first step towards becoming a bank. But they were turned down on the grounds that they were not constituted or regulated as banks in Japan.

The companies, wbicb have securities dealing offices in London, have established banking operations elsewhere in Europe, including Holland, Germany, and Switzerland.

Their cause has now been taken up by the Japanese Ministry of Finance which is responsible for regulating both banks and securities houses in Japan. Talks bave recently been held between the Ministry and the Bank of England, but the UK side is refusing to budge.

Resentment on the Japanese side has reached quite a pitch, judging by comments made by a Ministry official to the Financial Times. "We cannot understand the Bank of England's attitude," he said. "It allows British banks to do banking and securities business, so wby can't the Japanese?"

The Bank of England has a policy of granting deposit-taking licences only to foreign entities that rank as banks in their home countries. But in the Japanese case, it also seems to be coocerned about the free-wheeling reputation of the Japanese securities industry.

But if the Japanese continue to press their case, some compromise may be possible. Tbeir understandable eagerness to operate as banks in the world's major financial centre and the heart of the Euromarkets could be used as leverage to improve the lot of UK banks in Japan.

Tokyo foreign exchange market considers reform

BY YOKO SHIBATA IN TOKYO

DIRECT FOREIGN exchange dealings between banks are under study by the Tokyo foreign exchange market as part of a series of reforms that would substantially liberalise current practice and reduce the role of the foreign exchange brokers.

The market practice committee of the foreign exchange market, comprising foreign exchange banks, foreign exchange and money brokers, and representatives of the Bank of Japan, has put forward two major suggestions as part of the broader movement here, under steady U.S. pressure, to liberalise tha capital markets.

● The ban would be lifted from direct foreign exchange dealings between the 190 licensed foreign exchange banks. At present all transactions must pass through the intermediary of one of the 10 licensed foreign exchange brokers. In order to soften the blow for the brokers, however, the lifting of the direct transactions ban would at first apply to deals other than those between yen and U.S. dollars. Yen/dollar transactions account for over 90 per cent of all Tokyo foreign exchange dealings.

● The foreign exchange brokerage commission structure is to be reviewed with the intention of bringing it more into line with other major markets.

Pressure has been increasing from the Japanese City banks and from foreign banks operating in Japan (which make up about one-third of the total of authorised foreign exchange banks) for the right to carry out direct transactions and for a reduction in the high commission fees paid to brokers.

The market practice committee has, however, accepted that smaller foreign exchange brokers could be driven out of business by any sweeping change in the regulations. In addition to agreeing to a more gradual process of change, the committee is also studying ways in which the brokerage firms could be allowed to deal directly with overseas banks and foreign exchange brokers. This would open up the way to more extensive international co-operation.

Two of the 10 licensed foreign exchange brokers, Astley & Pearce and N. W. Marshall, are British-owned but operate under local rules and practices which effectively limit their connections with their parent companies' international networks.

Malaysian side lifts Tan Chong

BY WONG SULONG IN KUALA LUMPUR

TAN CHONG MOTORS, the distributor of Nissan cars in Malaysia and Singapore, has reported a 12.6 per cent rise in pre-tax profits to 74m ringgit (U.S.$31.7m) for 1983, on turnover up by 18 per cent to 1.07bn ringgit.

Like many Malaysian companies, Tan Chong is taking advantage of the present bullish market to increase its capital by a massive 240m ringgit to 336m ringgit through a five-for-two scrip issue to be followed by a share split from one ringgit to 50 cents shares.

The final dividend is 25 cents, making an unchanged total of 30 cents a share.

The better earnings came solely from the company's Malaysian operations. Despite stiff competition from Toyota cars, distributed by United Motor Works, Nissan car sales in Malaysia advanced by 26 per cent to 780m ringgit, while profits rose 38 per cent to 48m ringgit.

Sales in Singapore were little changed at 289m ringgit, and earnings fell by 17 per cent to 26m ringgit.

Nissan captured nearly 29 per cent of the Malaysian car market last year, with 25,920 cars sold, compared with Toyota with 21,233 cars or 23.6 per cent of the market.

Tan Chong said its scrip issue will capitalise on 183m ringgit from capital reserves (including 175m ringgit from a revaluation of assets) and 57m ringgit from reserves. Its shares were last traded at 10.4 ringgit, giving it a market capitalisation of over 1bn ringgit.

Sharp recovery in second half for Highveld Steel

BY OUR JOHANNESBURG CORRESPONDENT

HIGHVELD STEEL and Vanadium, the Sonth African steel and ferro alloys producer, believes that the worst of the recession is now behind it. A significant increase in domestic and export demand for steel boosted turnover to R173.6m (U.S.$139m) in the second half of 1983, from the first half level of R108.1m.

Pre-tax profit was R14.7m in the second half against R8.6m in the first. The year's turnover of R281.7m and pre-tax profit of R23.3m compare with R536.3m and R95.1m respectively for the previous 18 months.

The directors say that most operations were running at higher levels of production by the year's end.

The dividend totel is 15 cents from earnings of 32.8 cents a share. In the 18 months to end-1982, earnings were 101.5 cents a share, and a dividend total of 49 cents was declared.

● Strong demand for cement by house builders in Transvaal and Natal boosted sales by Anglo-Alpha, the South African cement producer, in 1983. Despite weaker demand for stone and aggregates, turnover rose by 8.5 per cent to R274.5m (U.S.$221m) from R252.9m. Operating incoma before interest and tax rose by 12.5 per cent to R75m from R66.6m.

The directors said the result was achieved by a combination of higher turnover, strict cost controls, and improved nperating efficiences. However, as the company's capital spending programme has slowed and few investment allowances could be claimed, the effective tax rate was sharply higher and attributable income was only 1.2 per cent higher at R27.5m against R27.2m.

A dividend total of 47 cents a share has been declared from earnings of 91.3 cents a share calculated after current cost accounting adjustments. In 1982 earnings were 90.4 cents a share and a tntal dividend of 42 cents was declared.

Anglo-Alpha is one of South Africa's largest cement producers and is 33.8 per cent owned by Holderbank Financiere Glaris, a Swiss investment group.

Trust Bank well ahead at midway

By Our Johannesburg Correspondent

TRUST BANK, South Africa's fifth largest banking company, increased disclosed interim after-tax profits by 19.2 per cent in the six months ended December to R20.5m (U.S.16.4m) from R17.2m. For all 1982-83 profits were R37.3m.

Dr Chris van Wyk, the managing director said the result had been achieved against a background of severe pressure on interest margins caused by sharp increases in all deposit rates and a resistance by the authorities to allnwing lending rates to achieve market-related levels. He added that Trust Bank had increased its penetration nf the corporate sectnr and in np-market personal finance.

An ordinary dividend has not been declared as the board believes that disclosed reserves need further strengthening. However, it is the intention tn resume ordinary dividend payments in 1985 once the lifeboat loan from the Reserve Bank has been repaid and internal reserves are satisfactorily sound.

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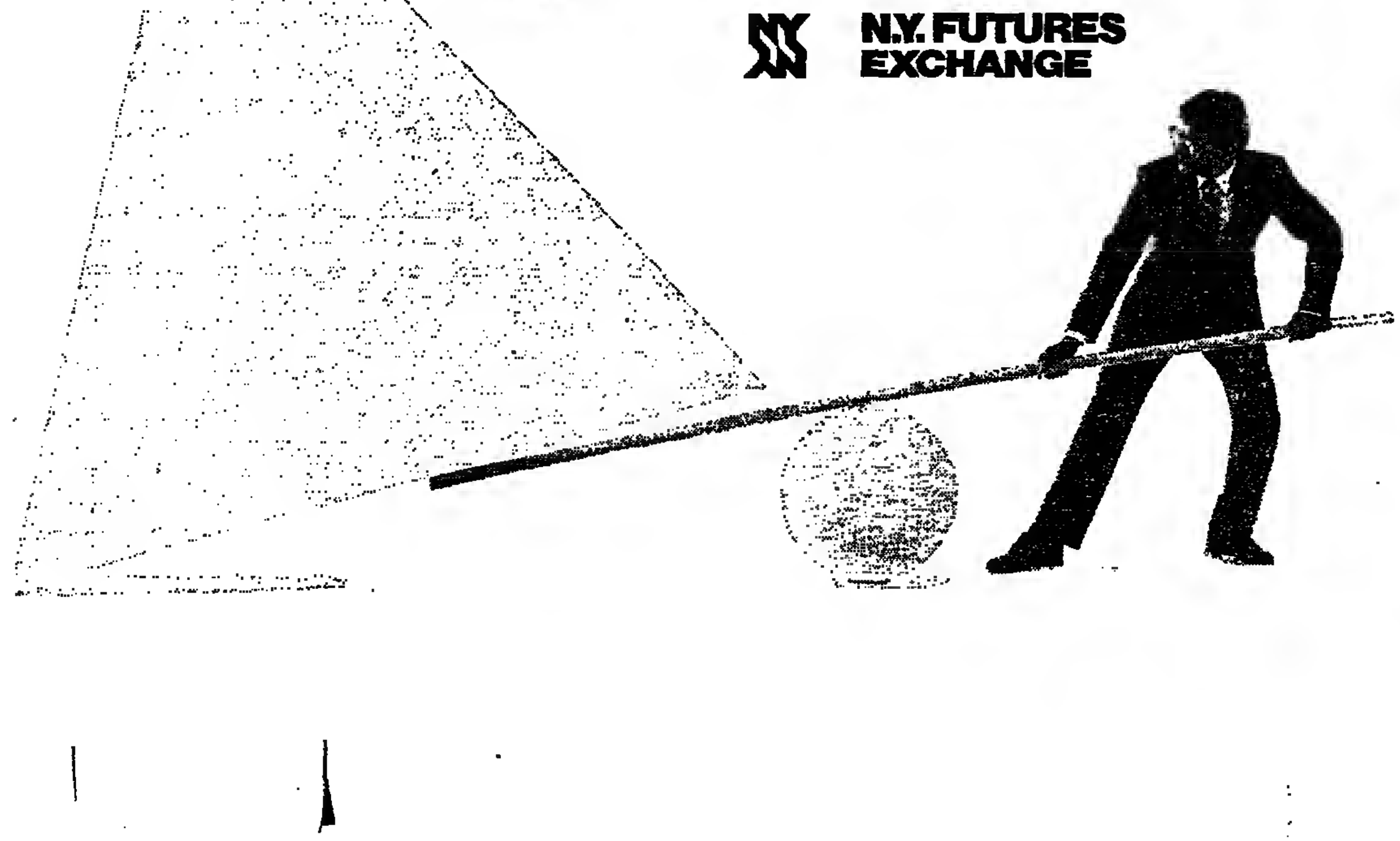

NOTICE TO HOLDERS OF

BEST DENKI CO., LTD.
(Kabushiki Kaisha Best Denki)

5⅝ PER CENT CONVERTIBLE BONDS DUE 1997

Pursuant to Clause 7(B) and (C) of the Trust Deed dated 24th March, 1982 under which the above Bonds were issued, notice is hereby given as follows:

1. On January 28, 1984, the Board of Directors of the Company resolved to make n free distribution of shares of its Common Stock to shareholders of record as of February 29, 1984, in Japan, at the rate of 0.1 new share for each share held.

2. Accordingly, the conversion price at which the above Bonds may be converted into shares of Common Stock of the Company will be adjusted effective immediately after such record date. The conversion price in effect prior to such adjustment is Yen 1,254.20 per share of Common Stock, ond the adjusted conversion price is Yen 1,140.20 per share of Common Stock.

BEST DENKI CO., LTD.
By: The Bank of Tokyo Trust Company
as Trustee

Dated: February 14, 1984

ENERGY RESOURCES & SERVICES INCORPORATED

Net Asset Value
31st January 1984
$8.01
per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value
31st January 1984
$2.77
per share (unaudited)

Bahrain bank pays 12%

SMALL DEPOSITORS at the Bahrain Islamic Bank obtained a better return on their funds last year than at the other 18 domestic banks. Although wealthier customers who went for fixed-term and revolving deposits were not so well nff, Mary Frings reports.

After declaring a profit of BD 2.19m (U.S.$5.8m) for the year ending October, the bank bas announced a 12 per cent dividend to sharebnlders and profit sharing with depositors of between six and eight per cent.

Other banks in Bahrain pay interest of 3½ to 4 per cent on savings accounts and up to nine per cent on BD 30,000 certificates of deposit.

AHMSA

Altos Hornos de México, S.A.

U.S.$1000,000,000

Floating Rate Notes due 1987

In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 10th February 1984 to 10th August 1984, the Notes will carry an interest rate of 10⁷⁄₁₆% per annum.

The interest payable on each U.S.$10,000 Note on the relevant interest payment date, 10th August 1984, against Coupon No 5 will be U.S.$521.35.

Agent Bank:

Lloyds Bank International

The
Toronto Dominion Bank

U.S. $100,000,000

Floating Rate Debentures February 1992

For the six months 14th February 1984 to 14th August 1984 the Debentures will carry an interest rate of 10¼% per annum.

The relevant interest payment date will be 14th August 1984 and the amount of interest payable on each coupon will be U.S. $515.03.

Agent Bank
Midland Bank plc

TECHNOLOGY

EDITED BY ALAN CANE

HIGH-TECH TEXTILES IN BARNSLEY

Fashioned by computer

By PETER MARSH

AN INNOVATIVE high-technology company is spending millions on new production methods, increasing turnover by 17 per cent annually—and rather than shutting factories is expanding its workforce.

A Japanese company in electronics? No, a Barnsley firm in the rag trade!

S. R. Gent, which has 20 factories in Yorkshire, spends £3m a year on new machinery. The company has borrowed technology from hovercraft in a system that moves around bundles of cloth on compressed air.

It is spending £2.5m on a computerised network with which planners at the head office will keep track of production at the outlying factories. With the hardware, supervisors will monitor the work of individual machinists.

When it is finished in about four years, the computer system will keep an electronic record of the work in which each machinist excels, for example, the finishing of shirt collars or the stitching of cuffs.

This will enable factory planners to switch around work between employees, to maximise production.

The use of technology extends to computer-aided design of the kind more usually seen in engineering factories. S. R. Gent is working on a project in which clothes designers draw their creations on a screen linked to a computer.

At the touch of a few buttons, the information would be translated into a stream of digits. This instructs machinery to plan how to cut cloth into patters, in an exercise called grading.

As a further step, the same computer would order a machine to cut up the cloth into the pieces that are later stitched together to form the finished garment.

The company runs a small R and D team of 10 people. They work on anything between microprocessor-controlled sewing machines to hardware that uses compressed air to press garments automatically.

The company's emphasis on technical innovation is fired, says Mr Bernard Adler, the financial director, by one factor: the need to respond quickly to changes in demand in the fast-moving fashion business.

Clothes for women and children account for most of the company's annual output of 11.5m garments, made in about 1,300 different styles. Some 92 per cent of S. R. Gent's products are bought by Marks and Spencer.

"We operate in very small cycles, says Mr Adler. "One production run could be as little as four or five weeks. That means speed of action and of response is of the utmost importance."

The changing nature of the clothes business is demonstrated by hardware that the company has installed for embroidering designs automatically.

Two years ago, such designs —motifs, logos and so on that feature on, for example, tha front of blouses—were relatively unimportant in the mass-market fashion business.

Now S. R. Gent needs to turn out 50 different designs for logos every week. Before tha advent of computerised sewing machinery, this job had to be done laboriously by hand.

But with the company's £175,000 embroidery system, computer tapes program 70 individual sewing units that each chatter oway at 600 stitches a minute.

In a few weeks, the company will instal new hardware in which designers draw logos on o display unit. The design—for no matter how complicated a pattern—can he stored in digtal form in an electronic memory that programs the sewing heads directly.

The company is scornful of efforts in technology by other clothing manufacturers. "Normally when you are in an industry that has been around so long, you can go to lots of people and pick their brains," says Mr Lew Simkins, technical manager in S. R. Gent's cutting room.

"But this industry is so dormant that there are no brains to pick."

Mr Colin Craker, the company's production director, says he would not hesitate to throw away the embroidery machines in a few years if fashions suddenly changed.

"There is a feeling in some companies that if machinery is under-utilised then you should try to sell merchandise that will use the machine. But our view is that you should sell goods for which there is a demand — which may mean getting rid of machinery that is only a few years old.

Mr Craker says that the company deliberately employa people for its top jobs who hava backgrounds other than in the clothing industry. "Experts tend to have preconceived ideas."

S. R. Gent's brash approach bas produced results.

Annual sales bave increased from £27m in 1979 to £70m in 1983. Despite the accent on new technology, which the company admits is labour-saving and "de-skilling," staff bas increased in this time from 4,000 to 5,300.

The extent of the techoical advances is mirrored by the figures for bow much time sewing machines are idle. In the clothing industry in general, this is about 28 per cent. In the rest of the time, the machinist is busy feeding material into the equipment or doing other mundane jobs.

"It's like buying a Formula One racing car and then keeping it locked in the garage for much of the day." comments Mr Craker.

S. R. Gent has increased the figure to an average of about 35 per cent. Tha stream of innovations means an individual garment is made in 50 per cent less time than 10 years ago, says Mr Craker.

The accent on speed is most evident in S. R. Gent's heavily computerised cutting room at its Barnsley headquarters. From bere, cloth cut into patterns is sent out to the company'a individual sewing units.

On average, 10 pieces of cloth are needed for every garment. The cutting room despatches every week some 600,000 square metres of cloth — enough to cover 10 soccer pitches.

The material is cut np at lightning speed by electronically controlled knives that can scythe through up to 300 layers at a time.

In another part of the operatioo, engineers are installing a robot that will lift bundles of cloth into a chamber in which material is fused together (to lend strength) by high-frequency radio waves.

The company bas a closed-shop agreement with the National Union of Tailor and Garment Workers. Employees sign an agreement on labour flexibility—they will do virtually any job in the factory.

At any time, some 10 per cent of the employees are undergoing training of some kind. The company has also encouraged the formation of 20 "quality circles," small groups in which employees discuss ways of improving production.

But tha accent on new technology bas its price, according to Mr John Whitmore, the personnel director. "Society is demanding more goods at less cost. When you introdnce new technology you need a few extra specialists—but you take away the skills from a lot more."

Compnters enter the rag trade: in prodncing patterns for clothes (above) and to control cutting machines

MANUFACTURE

When the label reads 'made in space'

A GIANT manufacturing company in the U.S. has signed an agreement to produce commercial products in space. The 3M company, based in Minneapolis, will participate in flights of the space shuttle, turning out organic crystals and thin chemical films thot are difficult to produce on earth.

The first of 3M's experiments could fly on a space shuttle as early as August, according to the National Aeronautics and Space Administration.

If the research proves productive, commercial products could be manufactured from the U.S. space station that President Reagan announced last month. The space station will be in orbit by the early 1990s, according to Nasa's plans.

3M says that products from the research could find use in a variety of commercial areas—including electronic goods, displays, energy conversion and biology.

The company is one of several U.S. commercial organisations to sign agreements with Nasa on space manufacturing. A consortium of McDonnell Douglas and Johnson & Johnson has produced the most encouraging results.

On four shuttle flights, the companies have experimented with producing chemicals with a technique known as electrophoresis. In this, substances are separated according to the charges on their constituent molecules.

In zero gravity, the process is particularly efficient.

Other companies studying materials-processing in space are Microgravity Research Associates (which is interested in semiconductor production), John Deere (alloys) and Honeywell (electronic circuits).

Spacelab is a reusable orbiting laboratory, built by Western Europe.

PETER MARSH

Measurement

Kern does its level best

KERN AND COMPANY, the Swiss optical group, has developed a system in which two of the company's electronic theodolites have been united with a PDP 11/23 computer to enable spatial co-ordinates to be determined to engineering accuracies within room-sized or larger volumes.

The equipment is likely to be of value where large, dimensionally critical structures such as airframe segments, large engines, satellites, ship hulls and oil platforms have to be inspected.

The alternatives are complex measuring frame / master patterns, or the use of three axis co-ordinate measuring machines, which require the measured object to be placed on the machine's granite table.

The Kern system is available in the UK from Survey and General Instrument Company of Edenbridge, Kent (0732 864111). It can be placed to suit the working or manufacturing position of the component. No surfaces have to be disturbed or touched.

The two theodolites on tripods are levelled and placed a few metres apart. They are then sighted on each end in turn of a calibration rod of accurately known length (say, one metre), placed a few metres away. From these angular readings the computer is able to establish accurately the spacing of the theodolites and any vertical displacement they may have from each other.

This is the only data the computer needs. From then on, the position of any point on a structure is determined by sighting the theodolites on the point and pressing a button.

The co-ordinate accuracy is determined by the accuracy of angular measurement of the theodolites. With Kern's best instrument, the E2, this is 0.5 seconds of arc, which the company says, gives spatial data "to micron accuracy." The system costs about £35,000.

GEOFFREY CHARLISH

Peripherals

Triple density floppy disc

MICRO PERIPHERALS of Pangbourne, Berkshire, can offer a 5.25 inch floppy disc drive which the company says has three times the capacity of the customary 96 tpl (tracks per inch) units.

Called Megadrive, the model 1722 emptoya 170 tpt to yield a lolal capacity of 3.2 megabytes. The drive is plug compatible with current eight inch floppy controllers with an SA 850 interface. So it can be used with existing hardware and the increased capoctty makes tt well sulted to program loading and Winchester back-up applications.

To ensure tracking accuracy a closed loop positioning system is used that automatically adjusts the drive to distortions in the disc surface caused by temperature and bumidity. With the aid of a micro and sensors, Megadrive la able to sense track locations and guide the head to the required track. Embedded servo tracks do not bave to be written on the disc.

Track-to-track access time ia stated to be three milliseconds (ms) and the average access time 88 ms. More on 07357 4711.

Computers

Basic compiler

OXFORD Compnter Systems has launched a range of Integer Basic Compilers for use with Commodore 64, the new 700/B-128 and the 3000/4000/8000 Series.

Compilers translates Basic into machine code so that programmers can program directiy inlo Basic computer language. In addition software developed for one model can be translated for use with another. More details on 0993 812700.

Paper

Fast binding

HARRIS GRAPHICS bas introduced the Multibinder 250, a machine oimed at both in-plant oppllcotions and amall commercial printing, capable of 5,500 cycles per hour.

The MB250 is a dnal-purpose single-operator unit for prodocing saddle-stitched booklets from flat, fonr-page sections, as well as for staodard collating. Booklets can be any size from 4 x 5 in to 9.5 x 12.5 in.

The machine, made at the company's UK plant in Slongh, costs from about £23,000 and the first two to be prodnced will fill an export order to the U.S. About 80 per cent of production is expected to be exported, mainly to Western Enrope, the Middle East and North America. More on 0753 33366.

Biotechnology

Government report

A SURVEY of the developments and trends in the biotechnology industry is to be carried out by John Brown, the engineering and construction company, on behalf of the Laboratory of the Government Chemist.

It will look particularly at the process plant equipment needs to serve the new industry and will belp the Department of Trade and Industry to formulate policies concerning biotechnology.

John Brown has already carried out several biotechnology projects over the past three years and is using the experience as a basis for an extensive development programme which includes the support of research projects and universities and iovestments in other biotechnology organisations.

COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS

UNITED KINGDOM CURRENCY EQUIVALENTS

London Office: 49 Moorgate, London EC2R 6BQ. 13 February 1984.

FIDELITY FRONTIER FUND

BRITANNIA GROUP OF UNIT TRUSTS LIMITED

MEETING OF UNITHOLDERS ON 3rd FEBRUARY, 1984

UK COMPANY NEWS

Dalgety jumps by 73% in first half

AN UPSURGE of 73 per cent in first half profit is reported by Dalgety, the international merchant. For the six months ended December 31 1983 the pre-tax figure came to £31.3m, against £18.1m in the corresponding period, and the directors are confident of a much improved result in this, the centenary year. A profit of £52.5m was achieved for 1982-83.

The acquisition of Rank Hovis McDougall's agricultural division in the UK, the merger of Dalgety New Zealand and Crown Consolidated, and in Australia the merger of the rural agency and wool broking business, coupled with the continuous attack on costs, have strengthened the group in key areas. The changing shape of the group will lead to profits being earned more evenly throughout the year, the directors tell shareholders.

In the half year, turnover rose from £1.37bn to £1.75bn and trading profit, before interest, from £33.5m to £43.9m. A regional split shows: UK £867m (£660m) and £23.5m (£20.4m); Australia £83m (£65m) and £5.2m (£1.7m); New Zealand £63m (£86m) and £4.2m (£5m); U.S. £588m (£446m) and £6.8m (£6.4m); Canada £147m (£110m) and £4.2m (nil).

By activity the split was: agricultural service and supply £448m (£332m) and £12m (£9.7m); food processing and distribution £820m (£677m) and £13.3m (£10.9m); cereal processing and compounding £277m (£204m) and £11.5m (£12m); other £203m (£154m) and £7.1m (£0.9m).

Mr David Donne, chairman, says the UK profit included £2.7m in respect of RHM Agriculture for the four months since acquisition. The agricultural division continues to improve following the feed mill investment programme. Increased demand, brand support and cost reduction in petfood are beginning to translate into better results for the grocery side.

On the other hand, the milling division experienced severe price competition, and substantial increases in the price of malting barley reduced margins in the malt division.

Mr Donne says the Canadian company has benefited from improved lumber prices and the trading division had a much better level of activity.

Once again, the U.S. companies have produced a good increase in profits, where food distribution continues to benefit from volume growth and operating efficiencies.

The ending of the drought in Australia and New Zealand has improved trading activity in their rural economies, which makes it easier to carry out the major integration programmes. Similar relief has not come to Zimbabwe where dry conditions continue.

After interest charges £14m (£15.9m), UK tax £6.9m (£5.3m), overseas tax £5.3m (£1.9m) and minorities £0.7m (£0.6m), the net profit came out at £18.4m, compared with £10.3m. Earnings are shown at 28.6p (13.1p) and the interim dividend is held at 11p net per share. Total for last year was 22p.

There are extraordinary debits of £3m (credit £0.8m), and these included a provision of £3.5m for adjustment of inventory of a subsidiary to U.S. book value in anticipation of disposal.

At December 31 group borrowings totalled £250m, against £201m at June 30 and £239m at end 1982. Short-term borrowings accounted for £65.5m (£91.7m) and loan capital for £185m (£147.7m). Included in those totals, secured borrowings amounted to £5.3m (£17.4m) and £27.3m (£41.3m) respectively.

The tax charge represents a best estimate of the percentage for the year, after taking into account unabsorbed ACT.

Dalgety New Zealand is accounted as a related company from November 1983 following its merger with Crown Consolidated. The profits less losses of overseas subsidiaries have been translated into sterling at the rates ruling on the appropriate dates.

The chairman says the three important transactions outlined in the annual report were completed. In the UK, the acquisition of RHM agricultural division was completed in October and the integration with the agricultural businesses of Dalgety UK is proceeding smoothly.

Mr David Donne, chairman of Dalgety

The merger of Dalgety New Zealand and Crown Consolidated was declared unconditional in early November. Dalgety NZ ceased to be a subsidiary and Dalgety now owns 24.7 per cent of the enlarged Dalgety Crown Corporation. Integration of the two companies is making good progress.

In Australia the merger of the rural agency and wool broking business with the similar businesses of Farmers Graziers and Bennetts Farmers was delayed until December. In consequence, rationalisation is only now under way.

See Lex

Manchester Ship Canal recovers to £778,000

OPERATING PROFITS of the Manchester Ship Canal Company jumped from £28,000 to £1.14m in 1983, while at the pre-tax level the group finished £778,000 to the black, compared with losses of £978,000 previously.

Earnings per £1 share came out at 6p, as against losses of 34p, and the dividend for the year is being raised from 3.5p to 5.5p net.

At the interim stage, the group reported that its recovery was continuing with taxable profits for the period of £237,000 (£1.86m losses).

Operating revenue for the year was some £1m lower at £23.71m. Pre-tax results were after charging voluntary severance payments of £2.33m (£2.94m) and crediting £1.68m (£1.58m) receipt from land and properties, less expenses, and £285,000 (£373,000) investment income, less interest.

● comment

The great leap in the operating profit of Manchester Ship Canal reflects the altering profile of the company. It continues the costly job of reducing the workforce (a further 230 jobs went last year) in the face of a declining shipping business. It is also developing its property assets. MSC has sold £3.5m worth of land in the last three years. It has made a good start to the Dockers Estate mixed residential and commercial development and is preparing fully serviced sites on the neighbouring Enterprise Zone. MSC has still failed to persuade the local authorities to meet the £3m estimated costs of dredging the upper reaches of the canal, a burden which falls on the company though it receives no income. The market has been attracted by the big discount to net asset value of the shares estimated at over £8 per share, and by the hope of a return in the next few years to dividends of the 1979 level of 18.4p. The total net dividend of 5.5p net up from 3.5p is a small step in the right direction and gives a yield of 4.5 per cent on the shares which closed up 9p at 179p.

Notts Manufacturing advances to £24.6m and raises dividend

PRE-TAX profits of Nottingham Manufacturing Company, which is engaged in a controversial takeover bid for F. Miller (Textiles), improved from £15.12m to £17.71m in the second half of 1983.

This left the full year outcome for this knitted outerwear, hosiery and tufted carpets concern ahead from £21.29m to £24.56m, and the total dividend is being lifted from 5.1p to 6.2p with a final payment of 4.85p net.

Trading profits expanded from £20.62m to £23.75m on turnover £16.32m higher at £230.69m, and the pre-tax result was struck after depreciation of £6.43m (£5.66m). It included investment and other income of £7.24m (£6.33m).

Corporation tax took £2.48m (£3.55m) and deferred tax £2.51m (£2.2m), while there were credits of £89,000 (£344,000) relating to prior years and £11m in respect of tax no longer required. The attributable balance, therefore, was almost doubled from £15.89m to £30.67m, and with dividends absorbing £4.95m (£3.85m), the amount retained jumped from £12.04m to £25.71m.

Earnings per 25p share are stated at 24.63p (20.18p) excluding deferred tax no longer required and 38.41p after taking account of this credit.

On a current cost basis pre-tax profits are shown to have risen from £17.23m to £20.74m and earnings per share from 15.06p to 19.84p.

At the year end, shareholders' funds were £127.85m (£97.61m), fixed assets £38.36m (£35.55m) and net current assets £91.65m (£50.93m). These included cash and investments of £91.46m (£66.41m).

See Lex

All-round expansion for Murray Western Trust

Growth in asset value and revenue has been shown by Murray Western Investment Trust in 1983. Shareholders also receive more by way of dividend.

At the end of 1983 net asset value per ordinary and B ordinary share had risen to 126.5p, after reaching 122.8p by June 30. At the end of 1982 it had stood at 102.2p.

An effectively maintained final dividend lifts the totals from 1.8p to 1.9p net for 1983. And in respect of the current year the interim payment is being raised from 0.5p to 0.7p net per share. B holders receive a scrip issue.

Total revenue for 1983 came to £6.82m, compared with £5.9m, and comprised unfranked income £5.34m (£4.32m) and franked £1.47m (£1.57m). After expenses £371,398 (£219,986) and interest £2.39m (£1.9m), the balance of revenue is up from £3.77m to £4.06m.

Tax took £1.79m (£1.61m) to leave the net revenue at £2.27m (£2.16m). Earnings were 1.91p (1.82p), and 1.86p (1.77p) assuming full conversion of the B ordinary. Cost of the dividend is £2.22m (£2.1m).

A summary of the investment portfolio changes over the year, based on valuation, shows UK equities 31.2 (31.32) per cent, North America 40.04 (37.67) per cent, and Japan 17.58 (5.84) per cent. Of bonds, North America accounted for 18.43 (34.54) per cent. Cash represented 0.56 (2.84) per cent of the fund.

Strong exports lift Manganese Bronze

REFLECTING the benefit of an "unusually strong" export demand, profits of Manganese Bronze Holdings for the half year ended January 31 1984 have jumped from £81,000 to £696,000. Interest charges were up from £142,000 to £191,000.

Mr Denis Poore, the chairman, stresses that the figures cannot yet be considered good, or even adequate in the absolute sense. They still fall a long way short of those achieved during the more prosperous periods of the late 1970s.

He says, historically, results for the second half have been significantly higher than those for the first. This time it may be unwise to rely on the customary extent of advance in the second half. "In the longer term, a greater level of optimism prevails generally."

Better figures are important if sufficient funds are to be set aside annually to sustain the modernisation of production facilities in the factories.

In the half year turnover of the group — which is split into powder metal, foundries, vehicles, and other products divisions — moved ahead from £18.52m to £20.79m. It also has a near 50 per cent interest in the equity of Norton Villiers Triumph, the motor cycle manufacturer.

Trading profit expanded from £223,000 to £887,000, after charging depreciation £373,000 (£457,000), leasing £165,000 (£141,000), and redundancy and termination payments net of government reimbursement, £85,000 (£101,000).

The trading profit reported for the full year ended July 31, 1983 of £851,000 has now been adjusted downwards to the extent of £134,000. This follows a reappraisal of the requisite provision for warranty costs for which Carbodies became liable following its assumption of responsibility as manufacturer of the London taxicab in 1982. Profit before tax is restated at £414,000.

Mr Poore says the situation relating to the new CR6 taxicab under development by Carbodies was reported fully in the annual accounts issued last November. Negotiations to obtain the finance required for the remainder of the relevant tooling costs are proceeding favourably. It may be possible to inform shareholders of the outcome shortly.

Meantime, the present FX4R taxicab continues to give good service in London and other areas.

The market for industrial property remains weak in the Midlands and North of England. No further sales of the properties for disposal has been achieved in the period, Mr Poore reports.

● comment

Long suffering shareholders in Manganese Bronze are at last seeing some positive signs of recovery. Trading profits in the first six months are quadrupled with margins up from 1.2 per cent to 4.3 per cent. Yet it would be wrong to think 1983-84 is going to see a rapid recovery to anything like the hey-days of the late seventies. After an indifferent performance throughout the sixties and early seventies profits suddenly accelerated in 1976-77 plateauing at £2½m for two years before making the long descent to losses of £0.6m by 1981. It is a leaner company that is trying to make the ascent a second time around and with a solid economy throughout the rest of the year profits might again reach the £1½m area. But the usual seasonal bias in favour of the second half will be absent this time round because of abnormally buoyant export demand in the interim period for remote controlled bus doors. The shares rose 5p to 42p yesterday, as much in anticipation of agreement soon over financing of tooling costs for the new CR6 taxi, as a comment on the figures. Assuming a maintained 2.17p dividend the yield is now 7.4 per cent.

Murray Caledonian assets growth

Net asset value per ordinary and "B" ordinary shares of Murray Caledonian Investment Trust improved from 96p at June 30, 1983 to 103.9p at December 31. Earnings per share, for the year to June 30, 1984, are estimated at 4.4p compared with 3.65p at June 30, 1983.

Pre-tax revenue in the six months to December 31, 1983 improved from £2.33m to £2.48m. Dividends and interest were higher at £3.29m (£3.06m), and interest on borrowed money totalled £723,000 against £656,000. Expenses rose to £130,000 (£76,000). Tax was down from £862,000 to £817,000.

Herrburger Brooks ahead to £96,931

Increased demand for Herrburger Brooks' products has enabled the company, which makes piano actions, keys and hammers, to produce a significant increase in pre-tax profits from £45,627 to £96,931 in the half year to November 30, 1983.

Turnover for the period rose from £2.1m to £2.41m and the directors say the company has a full order book for the third quarter. Indications are that a satisfactory level of orders will continue into the fourth quarter.

However, the directors point out that the gross margins achieved on the improved volumes are likely to be eroded by the continued decline of sterling against the U.S. dollar. This has increased material costs sharply and may lead to further exchange losses.

At the trading level, profits were up from £76,665 to £121,153, before interest payable of £24,222 (£31,038). Tax charge increased from £22,813 to £48,465.

There is again no interim dividend — no payments have been made since 1980.

Winterbottom Energy

Winterbottom Energy Trust announces that at close of business on February 10, its net asset value was 93p, after deducting prior charges at par, and 95.1p after deduction at market value.

MAM results

Management Agency and Music plans to release delayed results for the year to July 31 1983 tomorrow in the wake of a court judgment on a case brought against the company by singer Gilbert O'Sullivan.

MAM said that its appeal against a court judgment was heard last December and that a judgment would be delivered on Tuesday. The company statement will recommend a final dividend and contain "some indication of the board's own assessment of the likely effect of the appeal judgment."

Press Tools

Pre-tax profits of Press Tools fell from £128,000 to £89,500 in the six months to October 31, 1983 and the directors say that no significant upturn is immediately apparent. Nevertheless, there are occasional signs which give rise to optimism, they add.

Turnover of this press tools, jigs, fixtures and automated turned parts manufacturer declined from £1.49m to £1.28m for the first half, and trading profits were down from £95,000 to £87,000.

The net interim dividend is held at 0.8p. Last year's total payment was 2p when profits amounted to £157,845.

FULCRUM INVESTMENT TRUST P.L.C.

Net asset value (unaudited) as at 31st January 1984

Income Shares: 41.60p

Capital Shares 5.62p

LADBROKE INDEX

Based on FT Index

797-801 (−4)

Tel: 01-493 5261

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
County Properties ...int.	1p	—	—	—	1.65
Dalgety ...int.	11	July 2	11	—	22
Habit Precision ...	0.5	April 24	0.25	0.5	0.25
Manchester Ship ...	5.5	—	3.5	5.5	3.5
Monks Invest ...	1.4	April 4	1.4*	1.9	1.8*
Murray Western ...int.	0.7	Aug 24	0.5	—	1.9
Notts Manufacturing ...	4.85	July 2	3.9	6.2	5.1
Press Tools ...int.	0.8	—	0.8	—	2
Shires Invest ...sec. int.	8.8	April 9	8.8	11.8	11.8
Jefferson Smurfit ...int.	1.41	—	1.41	—	4.63

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Recovery to £102,000 at County Properties

A TAXABLE profit of £102,000 for the six months to September 30 1983 at County Properties Group, which changed its name last year from Assam Trading (Holdings) to reflect its dominant property investment and development interests, compared with a corresponding loss of £33,000.

The company has altered its year end, with the current period covering 18 months to September 30 1984. An interim dividend of 1p net is being paid. Last year's single payment was 1.65p.

Mr John Guthrie, chairman, says that the company—which has projects throughout England and Scotland—intends to undertake an increasing number in London and the South of England.

Because results of any half year depend on the timing of sales of completed developments, he adds that he is unable to give an indication of results for the six months to March 31 1984. However, work in progress is expected to generate profits equal, at least, to those of the first six months, on a year-to-year basis.

Property investment income, he says, will continue to grow and will contribute increasingly if interest rates are stable.

Property development turnover in the first six months of the current reporting period was £2.31m which, with rental income of £417,000, gave a total of £2.73m, against £2.79m.

Interest took £409,000 (£348,000) and overhead expenses totalled £163,000 (£133,000). There was no tax charge (£13,000 credit) and earnings per 10p "B" share were 1p (0.2p loss) excluding associates.

In the latest accounts, the balance sheet value of properties was shown as £8m and the net asset value after liabilities was £3.4m. Taxable profits for the year to March 31 1983 were £1.93m (£750,000).

The company owns 40.08 per cent of McLeod Russel, with interests in plantations. As at February 10, the stock market capitalisation of this holding was £5.4m.

GrandMet disposal

The Chesterfield Hotel, London, W1 has been bought from the Grand Metropolitan Group by Tollman-Hundley Hotel Group of the U.S.

The sale of the Chesterfield marks the completion of Grand Metropolitan's programme of rationalisation of its hotels portfolio in the UK and is the sixth of its central London hotels sold during the past year.

MINING NEWS

Improved platinum market boosts Impala profits

BY GEORGE MILLING-STANLEY

THE LATEST interim results from South Africa's Impala Platinum, showing pre-tax profits 60 per cent higher at R137.8m (£78m), put it beyond any doubt that there has been a sharp resurgence in world demand for platinum.

There was considerable speculation last month when the rival South African producer Rustenburg Platinum Mines announced a big improvement in first-half profits that this might be attributable to the latter company's more competitive pricing policy, which could have secured an increase in market share at Impala's expense.

Rustenburg's prices are based closely on the free market price, currently around $383 per ounce, while Impala has adhered to the producer price of $475. Impala is believed, however, to offer sizeable discounts to major customers when necessary.

Certainly, Impala does not seem to have suffered any loss of market share. The interim report states that the increase in platinum consumption by traditional users was greater than anticipated at the time of the annual report last September.

The metal is used extensively in oil refining and for jewellery, notably in Japan, and there is growing demand from the motor industry for use in exhaust catalysts.

This increase, together with improved revenues from the other metals Impala produces, led to the jump in profits.

Apart from platinum itself, Impala produces the other platinum group metals palladium, rhodium, irridium and ruthenium, together with some nickel and copper.

A further pointer to the overall state of the platinum market is provided by the fact that Impala is increasing its rate of production in line with notified demand from customers.

After tax and lease payments at almost twice the level of the previous first half, Impala's attributable profits for the six months to December 31 were R67.3m, compared with R50.2m.

Earnings rose to 117 cents a share from 87 cents, and the interim dividend is lifted to 35 cents a share from 25 cents, well above the share market's expectations.

	Six months to 31.12.83 R000	Six months to 31.12.82 R000
Consolidated profit	137,826	86,177
Tax and lease	70,524	35,990
Net profit	67,301	50,187
Earnings per share (cents)	117	87

Last year's final dividend was 60 cents, to make a total of 85 cents from attributable profits of R91.6m.

Impala said yesterday that profits for the year to June 30 are expected to be higher than the previous year's level, but the sharp increase experienced during the first half is not expected to be repeated over the current six months.

The shares gave up 5p to 925p in London yesterday in advance of the results, in a generally weaker market.

Return to profit at Placer

HIGHER PRECIOUS METAL prices during the first three-quarters of last year helped to return Canada's Placer Development to profits for the 12 months.

Net profits for 1983 came out at C$29.3m (£16.6m) or 70 cents a share, compared with a loss in 1982 of C$20.3m or 56 cents a share. Sales revenues moved ahead to C$282.4m from C$266.5m.

Placer, in which the big Noranda Mines group has a stake of about one-third, said yesterday that the improvement was achieved in spite of continued adverse conditions for the mining industry.

Precious metal prices deteriorated during the final quarter, and the copper and molybdenum interests suffered throughout the year from weak demand and low prices.

Full-year profits included a gain of C$22.5m arising from the sale of 20 per cent of Placer's Kidston Gold Mines venture in north-eastern Queensland to Elders IXL, the Australian group.

This gain was partly offset by a C$8.8m write-down in the value of Placer's investment in Marcopper, which produces copper in the Philippines. These two items together resulted in a net gain to Placer's investment income of C$13.7m.

Although results for the fourth quarter are not disclosed, these figures suggest profits excluding investment income of something like C$4m, implying that the precious metals interests held up well in the face of lower prices in the final three months.

Placer's precious metals production is through the 70 per cent-owned Equity Silver Mines in British Columbia, the wholly-owned Golden Sunlight open-pit gold property in Montana and the 34 per cent-owned Real de Angeles silver mine in Mexico.

Endako, the British Columbia molybdenum producer, and Gibraltar Mines, which produces copper, also in British Columbia, both made losses.

The sale of part of Kidston was the first step towards reducing Placer's interest to 55 per cent to comply with Australia's foreign investment guidelines. A further 25 per cent will be offered to Australian interests before the end of the year.

Kidston, which has estimated reserves of 38.5m tonnes grading 1.77 grammes of gold and 2.11 grammes of silver per tonne, is expected to come into production in June next year. Annual output is likely to be around 6,000 kg of gold and 4,100 kg of silver.

S. African coal demand rising

SOME more cheering news on the South African coal front comes from Mr S. P. Ellis, chairman of the Gencor group's Trans-Natal Coal. He says that the South African coal producers are expected to increase their domestic sales this year and retain their share of export markets after a period of stagnation and falling prices.

He notes that there was a sharp upturn in domestic sales to major buyers in the last quarter of 1983 and thinks that these sales should increase by 10 per cent this year and three to five per cent in 1985. He sees long term growth running at about 2 per cent annually into the year 2000.

Last year South Africa's domestic coal sales rose 5m tonnes to 111m tonnes, although they would have fallen by 4m tonnes without the off-take by the Sasol oil-from-coal producer.

The trouble is that the price of South Africa's domestic coal is state-controlled and permitted price increases have been below the inflation rate. Mr Ellis points out that in 1982 the controlled price rose by 6.1 per cent whereas cost escalation was running at 14.5 per cent.

Export markets remain over-supplied and pressure on prices is expected to continue in the short term. But Mr Ellis says that 85 per cent of South African coal exports are in the form of steam coal and this is a growing sector which is expected to recover by 1986-87 after the past over-optimism.

Increased loss at Teck

LOW COPPER and molybdenum prices during the closing three months of last year had a severe impact on the results of Teck Corporation, one of Canada's biggest natural resources groups.

The quarter, the first of Teck's financial year, produced a net loss for the group of C$2.6m (£1.5m), double the size of the loss for the first three months of the year before.

The latest losses came mainly from the 73 per cent-owned copper producer Afton, and from Highmont and Lornex, owned as to 50 and 22 per cent respectively, both of which produce copper and molybdenum.

On the positive side, Mr Norman B. Keevil, chief executive, disclosed that the new Bullmoose coal mine in British Columbia has been completed C$37m below the budgeted cost.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10 %	United Mizrahi Bank	9 %
Citibank Savings	¶10¼%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank	* 9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Fixed rate 12 months £2,500 9% £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5⅞%, £10,000 up to £50,000 6¼%, £50,000 and over 7⅜%.
‡ Call deposits £1,000 and over 5¼%.
§ 21-day deposits over £1,000 6%.
¶ Demand deposits 5¼%.
Mortgage base rate.

Rumours push Phoenix price up 35p

BY ERIC SHORT

THE U.S. insurance giant Continental Corporation, last night denied that it had sold its 24 per cent holding in *Phoenix Assurance Company* to Allianz Versicherung, the West German insurance group which recently failed to acquire Eagle Star Holdings.

Phoenix shares had shot up early by 40p from Friday's closing price of 450p on market rumours that Allianz had chosen Phoenix as its new target to gain a strong presence in the London insurance market. The price eventually closed at 485p.

Allianz's previous attempt to enter culminated in the market's largest bid battle, with Eagle Star eventually going to *BAT Industries for nearly £1bn.*

The German insurance group has maintained that its plans include a major representation in the London insurance market. There has been considerable speculation as to which composite would be next on Allianz's list.

Phoenix Assurance, the smallest of the quoted composite insurance groups, is considered a prime target for the West German predator. But since 24 per cent of its shares are held by *Continental,* any potential bidder would have to come to some agreement with the company.

Rumours of some agreement have been rife in the market since the Eagle Star battle. Speculation has become more heated, with stories of Continental selling out at prices varying from £5.30 to £6 per share.

This resulted in heavy trading in *Phoenix shares yesterday.* It appears to have been fuelled by those speculators who did well out of their operations in Eagle Star. They are being paid their cash this week.

Allianz has emphasised that it will not rush into its next move, but will review the London insurance scene thoroughly first.

The closing price of 485p values Phoenix at £296m.

Mr Ron Bishop, chief general manager of Phoenix, stated that he had no knowledge of any talks between Continental and Allianz. Neither had his company been approached by the West German company.

Stakis builds up 6.63% stake in Norfolk Capital

Stakis, the Glasgow-based hotels and casino group, has built up a 6.63 per cent stake in Norfolk Capital Group, the hotel chain controlled by Lady Joseph, widow of Sir Maxwell Joseph.

Norfolk said yesterday that it had been informed that Stakis had acquired 1.26m shares through subsidiary companies. Norfolk's shares rose 4p to a new 1983-84 high of 50p while Stakis was unchanged at 103p.

Stakis bought its first London hotel, the St Ermin's, from Grand Metropolitan for £6.5m last July, although it also operates a casino at the privately-owned Imperial Hotel in Bloomsbury. Norfolk operates 10 hotels, three of which are in London. They are the Royal Court, the Norfolk and the Bayswater Fairway Inn.

Norfolk said Stakis had not made contact yesterday to give any reason for the share purchase.

The Virani hotel and property group run by exiled Ugandan Asian businessman Mr Nazmu Virani disclosed in November that it held a 6.8 per cent stake in Norfolk but sold this holding in December. The Virani and Stakis holdings are believed not to be connected.

Dealings are halted in Prince of Wales Hotels

THE Stock Exchange temporarily suspended dealings in the shares of Prince of Wales Hotels at 135p yesterday at the company's request. An announcement is expected tomorrow.

Prince of Wales said the suspension was requested following an approach from Taddale Investments which on Thursday announced a 130p cash bid valuing Prince of Wales at £7.85m.

The hotel group also adjourned until noon today the extraordinary shareholders' meeting planned for yesterday.

The meeting had been called to seek approval for the proposed acquisition of the St Georges Hotel in London and a linked increase in the authorised share capital.

Taddale has made its bid conditional on the St Georges' deal not going through although this condition can be waived. Taddale's shares were unchanged at 40p yesterday.

Taddale, an industrial holding group, already owns 14.8 per cent of Prince of Wales and has said it will dispose of any shares which take its holding above 50 per cent.

Taddale has signed an agreement with Quality Inns of America, an hotel management group, to manage Prince of Wales if the deal goes through.

Glaxo to spend £17m on Italian acquisition

By Alan Friedman in Milan

THE ITALIAN subsidiary of Glaxo, the UK pharmaceuticals and chemicals group, is to spend some £17m on the purchase and restructuring of an insolvent Parma-based pharmaceutical company.

La Glaxo, Glaxo's wholly-owned offshoot, has agreed to pay L20bn (£8.3m) to purchase the plant, equipment and trade marks of *Italchemi Pharma,* an ethical drugs business which is in receivership.

La Glaxo also plans to spend a further L20bn (£8.3m) on a restructuring of Italchemi, the idea being to introduce new technologies and relaunch a number of the Italian products.

The plant and equipment of Italchemi is being purchased from Europrogramme, a Lugano-based property development fund, for L16bn.

Glaxo is paying L4bn for Italchemi's trade marks and the restructuring plan will eventually employ an additional 160 people. Glaxo's Italian subsidiary, based at Verona, now employs 1,500.

La Glaxo last year recorded turnover of L300bn (£125m), against L200bn. Net profits were L26.8bn (L9.5bn), largely reflecting the success of Glaxo's Zantac anti-ulcer drug on the Italian market.

Undisclosed suitor agrees takeover bid details for GB Papers

BY DAVID DODWELL

GB Papers, the Fife-based paper maker, plans to reveal today details of an agreed takeover bid *from* an undisclosed company. Its shares were suspended yesterday at 56p.

Mr John Dick, GB Papers' deputy chairman, said yesterday that active discussions had begun "very recently" and that his own company had not been seeking any offer.

Over the past *three years* a Bahamas-based banking and investment group called Deltec Pan-america has steadily bought shares, and at the weekend controlled just under 30 per cent of GB Papers' shares.

Mr Dick refused yesterday to give any indication of the size of the bid, but at a suspension price of 56p the group's market capitalisation is £4.18m.

"All I can say is that the offer is in an area that our directors feel they can recommend it to shareholders, and the directors would be looking for a premium," he said.

According to the group's latest report and accounts, its net asset value is in the region of 73p per share.

G B Papers has returned to profitability only in the past year, *after* two years of losses and passed-over dividends.

In the year to March 31 1981, when the paper-making industry was at its most depressed, the group sustained *losses of £1.3m* on a turnover of £23.6m. A small loss of £96,000 in 1982 has been overturned, with the group reporting profits for 1982-83 of £594,000 on reduced turnover of £19.2m.

In the first half of the current financial year profits before tax rose to £890,000. Despite warnings at the time of the interim that trading conditions were "becoming more difficult," Mr Dick noted yesterday that "in the event, our caution was not so necessary."

Leda Inv. breaks its links with Rivermoor

By Charles Batchelor

Leda Investment Trust, currently part of the Rivermoor Management Services stable, is to carry out its own investment management from April 1 and move its administrative management to Arbuthnot Investment Services.

This move follows the decision by the three joint founders of Rivermoor, River and Mercantile Trust, London Trust and Moorside Trust to wind down Rivermoor's activities.

Two other trusts still with Rivermoor, Danae and Jove, are expected to announce their plans shortly.

River and Mercantile announced in December that it was moving its management to Percy Tarbutt and Co.; Moorside has been taken over by Guinness Peat; and London Trust is moving to another investment management group not later than March 31.

Mr Stephen Cockburn, managing director of Rivermoor, said the company had operated as a co-operative in which its three founders pooled their administrative arrangements rather than as a management house. It had, however, taken on Leda, Jove and Danae on a client basis.

The move of Leda's administrative investment to Arbuthnot takes it back to original roots. Leda was floated by Ionian Bank whose investment team moved almost in its entirety to Arbuthnot when Ionian pulled out of the banking business. Leda had net revenue of £243,000 in 1983 slightly down on the £250,000 of the year before. Net asset value was 138p per share at December 31, 1983.

Bassett Foods sells its Australian off-shoot

Bassett Foods, the Sheffield-based *sweet-maker which is currently* the object of a takeover bid from Avana Group, has signed contracts for the sale of its Australian subsidiary, Bassetts Sweets Pty, to Allen's Confectionery for £2m.

This is a further step by Bassett to redeploy its assets in *areas where an enhanced return* can be achieved, the company said.

The Australian subsidiary made pre-tax profit of A$67,000 (£44,000) in the year ended March 31 1983 and had a net *worth of A$2.97m* at that date.

Bassett will use the proceeds of the sale to finance capital spending aimed at improving manufacturing efficiency.

Allen's has reached a long-term agreement with Bassett to continue distribution of its products in Australia.

Allen's was also the object of a takeover bid—from Cadbury Schweppes Australia and the Nelson Tobacco Company—last year until the Australian Government stepped in to block the deal.

BIDS AND DEALS IN BRIEF

Capital and Counties has acquired a 99-year lease of Nos 28-29 Threadneedle Street, EC2. Refurbishment has begun to provide 10,600 sq ft of air-conditioned offices with ground floor suitable as a banking hall.

The company's 95 per cent-owned housebuilding subsidiary, Roger Malcolm, has completed the sale to Tesco Stores of an 11-acre site at Larkfield, near Maidstone, for £3.75m.

* * *

The board of Forward Technology Industries has sold a freehold property, formerly occupied by a group company, for £285,000 cash. Of this, £28,500 has been paid and the balance is payable within four weeks.

The property has a book value of £299,000 and produces a rental income of £40,000 per annum. The proceeds will reduce group indebtedness.

* * *

Hewden / Stuart Plant has acquired the whole of the issued share capital of M and H Plant Hire (Manchester) for a cash consideration of £1.8m. Additional consideration of £200,000 will be payable on April 7 1984 provided that the audited accounts for the 10 months to January 31 1984 disclose net profits before taxation of not less than £275,000.

M and H operates 10 depots throughout the UK from which it is engaged in the hiring and sale of items of small plant. In the year to March 31 1983 the company's turnover exceeded £3.2m and the net assets attributable to shareholders amounted to £1.47m.

It is the intention that M and H will continue to operate under its present executive directors as a separate company within the Hewden/Stuart Group.

* * *

APV International, a subsidiary of APV Holdings, has acquired the remaining 25 per cent shareholding in APV Paracal.

APV Paracal markets the products of a number of APV companies in eastern Europe, and has achieved significant sales breakthroughs recently, particularly in Hungary and Bulgaria.

* * *

Mr L. Saffman and Mr M. S. Ross, as trustees, have disposed of 400,000 LDH Group ordinary shares, representing 6 per cent of the issued share capital. The trustees continue to hold 1.2m (19 per cent), and Mr Ross, chairman of the group, continues to have a non-beneficial interest in these.

The 400,000 shares were placed with institutional clients.

* * *

Richardsons, Westgarth announces the completion of the sale of the fixed assets at Immingham of its wholly-owned subsidiary, the Humber Graving Dock and Engineering Company to Seaforth Welding for £500,000 cash.

Humber Graving will complete its major outstanding contract, for the diving support vessel Orelia, using Seaforth as subcontractor for the general construction work. The other outstanding contract has been novated to Seaforth.

The assets sold had a book value of £524,578 at December 31, 1982 the date of the latest audited accounts of Humber Graving. Proceeds of the sale are being used to reduce Richardson's borrowings.

* * *

Saint-Piran has recently acquired 105,000 ordinary shares in Milbury and now holds 9.22m.

Milbury is planning to exercise the power available to it to acquire the minority shareholdings in Westminster Property Group and if all minority holders accept the share alternative offer, Milbury will have 12.44m ordinary shares.

Saint Piran's holding would then represent 74.09 per cent of the issued share capital.

* * *

Simon Engineering's main operating subsidiary in oil services, Unichem International of Hobbs, New Mexico, has acquired Parabo, a small privately-owned company.

Parabo operates a facility in the Eunice area of New Mexico for the surface disposal of oil field waste waters and the recovery and sale of the residual oil. The acquisition expands the service offered by Unichem's Rowland Trucking Division.

* * *

The recommended offer by Dobson Park Industries for Britains has been declared unconditional in all respects.

Acceptances were received from all shareholders representing 236,546 Britains' ordinary. Elections were received for £1,456,170 nominal of 9 per cent unsecured loan notes 1990 of Dobson and for 684,428 Dobson ordinary.

Frizzell purchase

The Frizzell Group, the privately owned Lloyd's insurance brokers which also controls Lloyd's underwriting interests, has acquired the insurance broking interests of the Bolton Group for an undisclosed cash consideration.

Bolton, which acts as a managing agent to a number of Lloyd's insurance syndicates in the market, said that the sale would enable it to meet the divestment requirements of Lloyd's 1982 legislation.

Under the legislation all Lloyd's insurance brokers must sever their shareholding links with managing agents which they control by 1987. Bolton has chosen to dispose of its broking company rather than the agency company which will still comply with the Lloyd's legislation.

The companies acquired by Frizzell are F. Bolton (Holdings), F. Bolton and Co, Bolton Corder, F. Bolton International, F. Bolton Marine and Bolton Corder Insurance Services.

The acquisition will give Frizzell a number of new insurance activities—aviation reinsurance, marine cargo insurance, farming and agricultural and American dollar surplus line placements direct in London.

As a result of the acquisition Mr K. B. Ohlson, managing director and chief executive of F. Bolton (Holdings), is to join the Frizzell Group board.

SHARE STAKES

SelecTV—Mr R. J. Woolacott, a director, disposed of 95,000 shares in order to settle borrowings resulting from the rights issue in 1982. He retains 567,000 (4.13 per cent).

Cory—Mr P. L. Kohnstamm, a director, has acquired 300,000 ordinary shares from the employee trust of K. Kohnstamm and Co. He remains interested in 936,827 beneficial shares and 1.68m non-beneficial together representing some 28.4 per cent.

Sheraton Securities—Mr D. A. Floyd-Walker, a director, has sold 75,000 ordinary shares, altering holding to 150,000.

Suter—Abingworth has reduced its holding of ordinary from 1m (5.4 per cent) to 850,000 (4.6 per cent) shares.

Stroud Riley — Mr R. M. Stroud, a director, sold 23,000 ordinary shares.

Whittington Engineering — Seaforth Investments has acquired 20,000 ordinary shares (1.75 per cent) and now holds 162,000 (14.17 per cent).

British Steam Specialities — Britannic Assurance now has an interest in 6.32 per cent of the issued ordinary shares.

McInerney Properties — Standard Life Assurance Company now holds 818,245 ordinary shares (just over 6 per cent).

Norton Opax — Mr D. A. *Rocklin and D. S. Rocklin have* each sold 100,000 shares.

Eurotherm—Dr J. L. Leonard, a director, has disposed of 40,000 shares reducing total holding to 3.918 per cent.

F. H. Tomkins — Mr G. F. Hutchings a director, Simon and Coates and County Bank, interested in 7.1m ordinary.

Hales Props Group — On February 9 Wesleyan and General Assurance Society disposed of 275,000 ordinary at 200p per share and now holds 289,417 ordinary (10.25 per cent).

Bishopsgate Trust—Following a purchase on February 9 the Prudential Group of Companies now controls 24.12 per cent.

American Oil Field Systems — Oil Field Systems Corporation has purchased 265,000 shares. Mr B. J. Ahrens is a director and shareholder of both companies.

Tysons — Mr W. L. Tyson, chairman, sold 11,240 ordinary at 63½p and 200,000 at 64½p.

McCorquodale — Mr E. N. J. McCorquodale disposed of £8,417 8½ unsecured loan stock 1994-99.

London & Strathclyde Trust—St Mary Axe Holdings, a subsidiary of British & Commonwealth Shipping Company, acquired on February 10 £200,000 3½ *cumulative* preference stock (14.6 per cent of the voting rights in company) which together with £89,275 (6.4 per cent) of the said stock already held by associate companies, now amounts to £289,275 of the stock (21 per cent).

UK COMPANY NEWS

Jefferson Smurfit maintains interim

Jefferson Smurfit Group, the Dublin-based packaging, printing and distribution concern, is paying an unchanged interim dividend of 1.406p net per 25p share in respect of the year to January 31 1984.

The board points out however, that the payment does not pass on to shareholders the significant impact of ACT. The absorption of this cost by the company is equivalent to an extra 0.38p per share, to give the same yield to shareholders as they would have enjoyed before the imposition of this tax.

A decision on the final dividend level will be taken in the light of circumstances at that time and as such, the board can give no commitment that it will be unaffected by the adverse impact of dividend "restrictive tax legislation."

The group's 80 per cent owned U.S. subsidiary, Jefferson Smurfit Corporation, increased net income from $1.59m to $3.4m in the fourth quarter to December 31 1983, equivalent to a rise per share from $0.21 to $0.39.

This meant that full year net income came out higher at $10.14m, compared with $9.89m, although income per share was marginally lower at $1.29, against $1.32. Tax credits for the 12 months were reduced from £4.49m to £2.7m.

Net sales for 1983 rose from $388.24m to $599.46m, with the fourth quarter result ahead $56.15m at $156.3m. Of the increase, however, $172.62m for the year and $39.01m for the fourth quarter was attributable to the acquisition of a subsidiary early in 1983.

As a result of the improved economic climate, the company was able to implement price increases on all major product lines in the last six months of 1983. But offsetting the impact of these rises was the effect of the severe freeze in the south-eastern states in late December, which severely impacted the company's Jacksonville Kraft Linerboard mill.

F.T. Share Information

The following securities have been added to the Share Information Service:

Brewmaker (Section: Foods)
Bridgewater Estates (Property)
Steckley (Property)
Towngrade Securities (Property)

Habit doubles dividend as profits climb to £83,000

PRE-TAX profits at **Habit Precision Engineering** climbed from £19,039 to £83,038 in the year to September 30 1983, and the dividend is doubled at 0.5p net. Based on the current expectation of the first half of the current year, the directors anticipate the payment of an interim dividend in due course.

The profit increase resulted from a combination of sustained improvement in demand, effects of previous rationalisation and re-structuring measures and the successful integration into the diamond division of the companies acquired in March 1983.

The directors say the autumn trading has been satisfactory, and orders have continued unabated for all products. Walton Jigs and Tools is particularly busy. An the effect of this is that the company has started the year well in profit and, subject only to the level of orders being maintained, should be able to sustain this satisfactory position through the year.

The board is continuing to investigate opportunities to improve and expand the company.

Group turnover for the year increased from £1.88m to £2.28m. No tax was payable (£9,683 credit), but there were extraordinary debits of £28,489 compared with £5,000. These were principally redundancy costs.

Earnings per 5p improved from 0.86p to 2.44p.

The businesses of precision abrasives and Culver Diamonds are now combined in a modern factory in Lichfield, Staffordshire, from which they provide a service to its customers in the West Midlands. The spare factory has been sold for a small profit.

The proceeds from the sale of the freehold at Roxby Place in south-west London, amounting to £275,000, were received shortly before the year end. These have almost eliminated the company's overdraft.

There will be a consequent saving in interest charges in the current year, add the directors. No further redundancy costs are envisaged and, on the contrary, in certain areas it has become necessary to recruit additional employees.

With the new businesses acquired and the signs of a sustained recovery in the sectors of industry they supply, the company again expects to see turnover increase substantially.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Ariel Industries, G. M. Firth, Fleet Holdings, Hampson Industries, Peerless, Wintrust.

Finals:—Bio-Isolates, General Funds Investment Trust.

FUTURE DATES

Interims:—	
Acorn Computer	Feb 23
Amstrad Consumer Electronics	Feb 23
Oen Brothers (Bulst)	Feb 24
Murey Glendevon Invest. Tst.	Mar 12
Webb (Joseph)	Feb 15
Finals:—	
Allied Leather Industries	Feb 24
Fleming American Invest. Tst.	Feb 21
Hunterprint	Feb 16
Management Agency and Music	Feb 15
Metal Bulletin	Feb 21
Romney Trust	Feb 23
Sharpe and Fisher	Mar 15
Technology For Business	Feb 24
Transport Development	Mar 16

Foundation laid for profit at Burco Dean this year

BANK BORROWINGS of **Burco Dean**, manufacturer of domestic appliances, kitchen furniture, die-casting and plastic mouldings, were reduced during 1983 as a result of the sale of its Carters fire and security alarm business, and the group's bankers have agreed to additional facilities in the current year to cover the company's forecast sales expansion.

Reporting this in his annual statement, Mr Spencer Crookenden, chairman, says the kitchen furniture division continued to make losses during last year. However, a management reorganisation has taken place and benefits from this will begin to show through in improved trading results for the second half of 1984.

The group is now being managed under a simplified one-company structure but continues to trade under its established brand names of Eastham Kitchens, Burco and Maxol Appliances, Ashworth Diecasting and Leisure, Eastham Burco Export and Mitchell Plastics.

Mr Crookenden says that the executive team has worked effectively during 1983 to create the foundation for a return to profitability in 1984. Although under the new trading structure it will no longer be practicable to report on results of individual sections, forthcoming chairman's statements will continue to highlight the salient features of the company's activities.

As reported on December 16, the group incurred pre-tax losses of £697,000 (£771,000) for the year to September 30, 1983.

At that date shareholders' funds totalled £6.53m (£6.5m), fixed assets £3.4m (£3.72m) and net current assets £4.79m (£4.77m).

A statement of source and application of funds shows an increase in net bank balances of £63,000 (£72,000 decrease).

Charente Steam-Ship Company is the beneficial owner of 28.33 per cent of Burco's ordinary capital.

Mr Crookenden will retire from the board in April, when he is 65, and will be replaced as chairman by Mr Michael Hunton.

The Annual General Meeting will be held at the City Conference Centre, EC, on March 7 at noon.

Anglo American Agriculture

In their first circular to shareholders since the issue of new ordinary shares which raised some £2m last July, the directors of **Anglo American Agriculture** say that the forecast dividend of 0.7p net for the second half of 1983 will be "comfortably" covered.

Preliminary results for the 12 months to the end of December should be available in April, they add.

Interim figures have not been issued, they explain, since income from the grape harvest accrues in the second half and the proceeds from the rights issue, which substantially increased the size of the company, were also received after June 30 1983.

The rehabilitation programme in the San Ysidro vineyard began to show results this season. The total harvest of 565 tons realising around U.S.$290,000 gross, compared with 400 tons in 1982.

They say a large number of properties have been inspected and there are current negotiations for the purchase of two high yielding mature properties in southern California, producing table grapes and dates.

FT COMMERCIAL LAW REPORTS

No tax deferment despite genuine transactions

FURNISS v DAWSON

House of Lords (Lord Fraser of Tullybelton, Lord Scarman, Lord Roskill, Lord Bridge of Harwich and Lord Brightman): Feb 9 1984

WHERE pre-ordained steps in a composite transaction have commercial effect but no commercial purpose other than tax deferment, the court's approach when determining whether tax is immediately payable will be to disregard those steps though they are not self-cancelling, and to consider the end result of the transaction.

*

The House of Lords so held when allowing three consolidated appeals by the Inland Revenue from Court of Appeal decisions that Mr George Dawson, deceased, and his two sons, Mr Douglas Dawson and Mr Rexford Dawson, were not liable for capital gains tax on a sale of shares.

*

LORD BRIGHTMAN said that the transaction to be considered was not a tax avoidance scheme, but a tax deferment scheme. It sought to defer payment of tax until the taxpayers, the Dawsons, had received into their hands the gains they had made.

The Dawsons held shares in two operating companies which manufactured clothing. Mr Wood of Wood Barstow agreed with Mr George Dawson that Wood Barstow would buy the entire shareholding.

Acting on advice, the Dawsons decided not to sell directly to Wood Barstow. They arranged first to exchange their shares for shares in an investment company to be incorporated in the Isle of Man.

*

They incorporated a company called Greenjacket Investment. By one sale agreement Greenjacket was to purchase the shares in the operating companies for £152,000 in consideration of an issue of shares in Greenjacket. By a second sale agreement, Greenjacket was to sell the shares in the operating companies to Wood Barstow for £152,000. Both agreements were put into effect on December 20 1971.

Section 19 of the Finance Act 1965 charged capital gains tax on the disposal of assets. Paragraph 6 of Schedule 7 provided certain exceptions in the case of company amalgamations.

One exception applied to a transfer of shares by one company to another which thereby acquired control, in exchange for shares in the transferee company. In such a case there was deemed to be no "disposal" of the former shareholding.

In the present case, the Dawsons were assessed to capital gains tax in the sums of £57,000, £28,000 and £28,000.

The Special Commissioners discharged the assessment. They held that the first sale agreement was not a "disposal" by the Dawsons to Greenjacket.

Before the case reached the High Court, there was a significant change in the approach adopted towards artificial tax savings schemes.

In *Floor v Davis [1978] 1 Ch 295* vendors of shares in one company sold them to a newly-incorporated company which in turn sold them to the ultimate purchasing company.

*

The majority of the Court of Appeal looked at each sale separately and held that the first stage of the transaction could not be regarded as a disposal by the vendor to the ultimate purchaser.

In a dissenting judgment, Lord Justice Eveleigh took the view that the shares were "disposed" of by the vendor to the ultimate purchaser. He said that the vendor "controlled the destiny of the shares from beginning to end."

In *Ramsay [1982] AC 300* the House of Lords agreed with the dissenting opinion of Lord Justice Eveleigh and held that the fact that each step in a transaction was a genuine step producing its intended legal result, did not confine the court to considering each step in isolation. "Viewed as a whole, a composite transaction may produce an effect which brings it within a fiscal provision."

In *Ramsay* the transactions under attack were "self-cancelling." They were designed to return and did return the taxpayer to the starting position except for the payment of expenses.

*

The transactions in the present case were not self-cancelling because Greenjacket was brought into being for an indefinite period and the money paid by Wood Barstow would never reach the Dawson's hands unless and until Greenjacket was wound up or its capital reduced.

Burmah Oil 54 TC 200 reaffirmed the *Ramsay* principle. Lord Diplock said that *Ramsay* marked "a significant change in the approach . . . to a preordained series of transactions . . . into which there are inserted steps that have no commercial purpose apart from the avoidance of a liability to tax which in absence of those particular steps would have been payable."

That was the state of judicial precedent when Mr Justice Vinelott came to give judgment in the present case. The effect of his judgment was to confine *Ramsay* to self-cancelling transactions.

On appeal Lord Justice Oliver was greatly influenced by what he conceived to be oppressive double taxation which would follow if the Revenue was right.

His fears were misconceived. If the Revenue's case was correct there would be a disposal by the Dawsons to Wood Barstow on which capital gains tax would be payable.

There could be no additional capital gains tax because its case was that the fiscal consequences of introducing Greenjacket were disregarded. The Revenue could not have it both ways.

It was difficult to escape the impression that the High Court and the Court of Appeal were determined at all costs to confine the *Ramsay* principle to the sort of self-cancelling arrangement which existed in that case, and to resist what they conceived to a deplorable inroad into the sacred principle of the *Westminster* case. ["Every man is entitled . . . to order his affairs so that the tax is less than it otherwise would be."]

*

The rationale of the new approach was that in a preordained pre-planned tax saving scheme no distinction was to be drawn between a series of steps which were followed through by virtue of an arrangement which fell short of a binding contract, and a like series of steps which were followed through because the participants were contractually bound to take each step one after another.

Ramsay said that the fiscal result was to be no different if the several steps were preordained rather than pre-contracted. The day was not saved for the taxpayer because the arrangement was unsigned or contained the magic words "this is not a binding contract."

The formulation by Lord Diplock in *Burmah* expressed the limitations of the *Ramsay* principle.

First, there must be a preordained series of transactions or one composite transaction. That composite transaction might or might not include the achievement of a legitimate commercial (business) end. It did in the present case. It achieved a sale of the shares in the operating companies by the Dawsons to Wood Barstow. It did not in *Ramsay*.

Secondly, there must be steps inserted which had no commercial purpose apart from the avoidance of a liability to tax—not no business effect.

If those two ingredients existed the inserted steps were to be disregarded for fiscal purposes. The courts must then look at the end result. Precisely how the end result would be taxed would depend on the terms of the applicable taxing statute.

In the present case the inserted step was the introduction of Greenjacket as a buyer from the Dawsons and as a seller to Wood Barstow. That inserted step had no business purpose apart from deferment of tax, although it had a business effect. If the sale had taken place in 1964 before capital gains tax was introduced, there would have been no Greenjacket.

*

The formulation therefore involved two findings of fact: first, whether there was a preordained series of transactions, ie a single composite transaction; and secondly, whether that transaction contained steps which were inserted without any commercial or business purpose apart from a tax advantage. They might be primary facts or inferences to be drawn from primary facts.

The correct approach, where inferences had to be drawn, was for the Commissioners to determine from their findings of primary fact the further fact whether there was a single composite transaction and whether that transaction contained steps which were inserted without any commercial or business purpose apart from a tax advantage; and for the appellate court to interfere with that inference only where it was insupportable on the basis of the primary facts so found.

*

The result of correctly applying the *Ramsay* principle to the present case was that there was a disposal by the Dawsons in favour of Wood Barstow in consideration of a sum of money paid with the Dawsons' concurrence to Greenjacket.

Accordingly, capital gains tax was payable. The appeals should be allowed.

Their Lordships all gave concurring judgments.

For the Revenue: Peter Millett QC and Robert Carnwath (R. S. Boyd).

For the Dawsons: Stephen Oliver QC and William Massey (Turner, Kenneth Brown, agents for Browne, Jacobson and Roose, Nottingham).

By Rachel Davies
Barrister

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

South Hants manufacturers

Bypassing recession

EVERY BUSINESS can recount a tale of woe or achievement based on its experience in the last two to three years. But how have small firms generally fared during the recession?

Some insights are given in a study just published of small manufacturing firms in south Hampshire. Although local in its perspective, the study offers more depth than the generally superficial surveys carried out by trade or industry associations because it is the outcome of a reappraisal of 52 companies first visited in 1981.

The intervening period, by common consent, was one of the most economically depressed in the UK for 50 years, so the conclusions of the author, Colin Mason, of the University of Southampton, are of some significance for small firm proprietors, as well as policymakers.

- 23 per cent of the firms had closed in the time between the two surveys (though some were already in trouble when first interviewed).
- Less than half the firms claimed to have been affected by the recession and most were gradually expanding their turnover, floorspace and even numbers employed.
- A very small number of "high fliers," however, had contributed the bulk of increased economic activity and new employment among the group, (though the jobs lost through companies disappearing outweighed the total new ones created).

The businesses concerned in the survey were all start-ups at some stage after 1975, the median age being five years at mid-1983. Engineering and metal industries accounted for two-fifths of the sample, with electronics (15 per cent), plastics (12 per cent) and boat-building (9 per cent) the other major categories.

No attempt was made to contact any of the founders of the companies that had ceased to trade. But based on the original interview Mason reckons that three of the 12 were close to closure in 1981 and a further three were facing demand or production problems. "None of the other six displayed any obvious signs of future failure . . . which might simply serve to underline that problems which lead to failure in small firms frequently appear with great rapidity."

Closures were not disproportionately concentrated among firms of a particular age or in a particular sector and, surprisingly perhaps, firms undertaking sub-contract work were no more vulnerable than the others.

Of the 37 which survived as independent companies (one out of the 52 was taken over by a private company and two moved out of south Hampshire), the majority had managed to increase their turnover in the previous three years, and most of those well above the rate of inflation. (The best performer had managed to shift sales from less than £200,000 to £1.2m over the period).

Capital investment, meanwhile, had tended over the period to be directed towards plant and equipment rather than buildings—and in nearly all cases its purpose was either to improve existing stock or provide additional capacity rather than simply for replacement. Preference was generally for new machinery bought outright rather than leased.

"Aye—there's been a lot of changes around here in the last couple of years"

The most dominant source of finance was retained profits (used by 76 per cent of the survivors), while finance houses, (used by 35 per cent) and banks (loans 28 per cent and overdrafts 21 per cent) were the most commonly used external suppliers of funds. Government grants were used by only four firms—two had benefited from the Small Engineering Firms Investment Scheme, one under the micro-electronics industry support programme and the other under the Department of Trade and Industry support scheme for innovation. The Loan Guarantee Scheme, the Microprocessor Application Project and the Export Credit Guarantee Scheme were also taken up.

Cash flow remained a serious problem for 56 per cent—a slightly higher proportion than in 1981. However, seven firms suffering in 1983 had not been in difficulty in 1981 while four had overcome an earlier problem by the second interview. The general causes remained the same—slow payers and bad debts. Approximately 20 per cent of firms with cash flow problems made no attempt to alleviate the situation and were prepared to accept it fatalistically.

Just 10 companies were regarded by their owner-managers as "innovative" and there was little evidence of previously "non-innovative" firms changing their spots. More than half, however, reported changes in their activities, the most frequent being an increase in the range of their products or process and shifts in the balance of activities. Half also reported an increase in "technological sophistication" — generally inspired by the need to be more competitive or an urge to seek out more profitable and less competitive markets.

With job creation inevitably linked to Government small firms policy it is significant that just over two-thirds of the 37 surviving companies recruited staff between 1981 and 1983, adding a total of 171 employees between them. The study nevertheless confirms previous evidence of the very limited job creation impact of small firms—a total of 177 jobs disappeared with the closures (plus a further 12 from surviving companies shedding labour).

Mason found that it was two fast-growing electronics firms which accounted for almost 100 of the extra workers—the implication being, he concludes, that "assistance to the small firm sector would be much more cost effective if it attempted to increase the number of 'high fliers'" rather than being (as at present) indiscriminate.

* *Small Businesses in the Recession; a follow-up study of new manufacturing firms in south Hampshire. By Dr C. M. Mason, Department of Geography, The University, Southampton, S09 5NH. Price £1.00.*

Tim Dickson

Tax status conundrum

"WILL he explain to his Right Hon Friend the Chancellor of the Exchequer that, while he is boasting about the measures that he has introduced to help small businesses, his Department, through the reclassification of the self-employed as employed, is sabotaging the same small firms that he claims he is trying to help?" Hansard February 1 1984.

This question, put to Small Firms Minister David Trippier by Opposition industry spokesman Alan Williams sums up the feeling of many of the more ardent small business lobbyists (and a number of MPs who have taken up the cause). The National Federation of Self-employed and Small Businesses, in particular, has been waging a major battle against what it considers the Inland Revenue's and the Department of Health and Social Security's increasingly zealous "efforts to reclassify self-employed people into employment status." Says the federation: "We cannot see why the Revenue should be concerned about which category a taxpayer falls within. The tax system should not determine the economy's work pattern."

The explanation, of course, has much to do with that bogey of tax inspectors, the Black Economy. Late in December, for example, the Treasury estimated that £5m not previously declared to the Revenue had been raised from the reclassification since 1979 of 7,000 full-time workers in the film and television industries and 100,000 part-time earners (consisting of 300 club musicians, 700 casual journalists and almost 100,000 school examiners and markers).

Witch-hunt

"Inspectors take account of whether the job is part and parcel of an organisation outside of which the job couldn't exist, and they look at whether whether or not there was evidence the function of the worker is subject to control within the organisation," said a Revenue spokesman, denying allegations of a witch-hunt.

Much of this activity is known to stem from the Revenue's Special Offices but the federation claims that the "general work of local inspectors on less spectacular routine classification has not yet been brought to light, or admitted by the Government." Numerous cases, it says, have come to its attention and "nearly always the Inland Revenue has threatened to seek previous years' liabilities without any regard to evidence of evasion in the past."

The Federation—which insists that it does not help those accused of evasion—is not impressed by the Prime Minister's recent assertion that the numbers of self-employed in the UK have increased from 1.9m to 2.3m—what else, it says, during a recession?—or by Trippier's reply in the House that his "Right Hon Friend" will be considering the matter in his forthcoming Budget.

Tim Dickson

Small business abstracts

Developing graduate skills. Industrial Society (UK), Sept. '83.

Outlines the objectives of the government-sponsored Teaching Company Scheme—to develop young graduates for careers in industry, improve manufacturing through its use of academic knowledge/advanced technology, and increase industrial/academic collaboration by providing research projects. Describes how it works, and the benefits it provides for participants, particularly smaller firms.

Cost-conscious market research. A. R. Andreasen in Harvard Business Review (U.S.), July/Aug. '83.

Argues that many businesses—especially smaller ones—avoid market research in the belief that it is too sophisticated and expensive; suggests that MR always has a role in even the smallest marketing decision, provided it can be done quickly.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Lloyds Bank plugs a lending gap

INCREASED competition for business customers has kept the banks' marketing men firmly on their toes in recent years. For while there are without doubt more similarities than differences between the UK's "Big Four" clearers, each remains anxious to steal a march on its rivals.

Lloyds Bank, for example, today unveils a Business Loan scheme whose flexibility and simplicity, it claims, will appeal particularly to smaller companies. (The minimum amount is £2,000, the maximum £500,000.) Designed to plug a gap in the bank's lending facilities by providing fixed rate money up to 20 years (in "appropriate" cases) it also carries what is described as a novel "interest rate conversion option."

Conventional wisdom among bankers is that most business customers prefer to pay interest tied to the lender's own base rate—while those that are prepared to risk the fixed rate alternative are perennially anxious that market rates generally will move against them.

Conscious that all their major competitors now offer fixed rate schemes—National Westminster is particularly successful with its straightforward Business Development Loan Scheme—Lloyds has entered the fray with a facility which it believes may overcome borrowers' reluctance.

The case for borowing at a fixed rate is that the repayments can be worked out in advance and related to the useful life of a fixed asset. To avoid customers being "locked in" over an unrealistically long term when interest rates are falling, however, Lloyds will allow companies to switch from a fixed rate to a rate linked to base rate, or vice versa, once every five years. At the same time, however, Lloyds will also have the option to readjust a fixed rate *upwards* if interest rates in the meantime move higher.

In an effort to keep things simple Lloyds is scrapping its short-term asset loan and medium-term enterprise loan (both tied to floating rates) and grouping all medium and long term lending under the new scheme. Base rate linked business loans will be charged at between 3 and 5 per cent over Lloyds base with the fixed rate at present between 13.5 and 15.5 per cent. An arrangement fee of 1 per cent of the loan is payable.

In brief

THE risks of backing small companies are highlighted in the interim report to shareholders of Electra Risk Capital I, at £8.7m the biggest fund established in 1981 under the Business Start-up Scheme (now the Business Expansion Scheme).

Michael Stoddart, ERC's chairman, explains that an investment's success is measured by whether its performance to date justifies further investment. He reports that two businesses, Protel Computer Systems and Triskate Sports, have failed that test and have been sold at a loss. Another company, Electronic Arts, has been put into liquidation.

Stoddart says that the managers of ERC and of the portfolio companies "have had to tackle innumerable individual problems" adding that "undoubtedly certain (of the 29 portfolio) companies . . . will in future fail to meet the criteria which would enable them to obtain further finance when such a need arises."

ERC II, a £10m fund set up under the Business Expansion Scheme last year—and thus able to back established firms as well as start-ups — has invested £4.8m in 15 companies (including three refinancings for ERC I). A further £2.15m has been committed to five businesses.

●

A SEMINAR for European bankers specialising in support for small businesses is to be held in Brussels on March 5 to 7. The conference —thought to be the first of its kind—will be run through the offices of the European Foundation for Management Development and will cover direct financial assistance, indirect financial help involving outside agencies and practical advisory services. "Delegates may well be able to identify gaps in their own types of support and discover whether solutions found to certain problems in one country might be transferable to their own," says Noel Dearing, manager of National Westminster Bank's Small Business Section and chairman of the seminar. Additional information from Dearing at National Westminster Bank, 116 Fenchurch Street, London EC3M 5AN. Tel: 01-726 1887.

●

HODGSON Martin Ventures, part of Edinburgh-based investment managers Hodgson Martin, has already invested or committed more than £1m in companies which qualify under the Business Expansion Scheme. Now it is promoting the Fourth Northern Venture Capital Syndicate—closing date February 28—but potential participants should note that investments will be spread between the current tax year and 1984-85. Tax relief for 1983-84 income will thus only be available on part of any investment.

●

BUSINESSES selling franchises, licences, agencies, dealerships or a share in a business idea should contact the London Enterprise Agency (LEntA). For the agency, which helps small businesses, has received a large number of enquiries from would-be entrepreneurs seeking a good idea and existing businesses searching for opportunities to diversify.

LEntA plans to put the two together by establishing an "Ideas For Profit" stand at the Business to Business Exhibition due to be held at the Barbican, London from May 20-23. The organisers of the exhibition, which is sponsored by Midland Bank, are confident of beating last year's 26,000 turnout. Contact Henry Durowse at LEntA: 01-236 2676.

●

A FURTHER programme of short courses to introduce small businesses to the benefits of microcomputers is being run by the Polytechnic of Central London, in conjunction with the London Regional Management Centre. The courses cover hardware, software and peripherals, together with a one-day practical guide to forecasting and budgeting. The series also includes, for the first time, a programme on word processors. Further details from Jenny Rankin, course co-ordinator, telephone 01-636 1227.

●

HERTFORDSHIRE County Council, through its Hertfordshire Technical Library and Information Service (HERTIS), has developed an up-to-date directory of information for and about small firms in its area in conjunction with the Hatfield Polytechnic Computing Centre. Called the Hertfordshire Industrial and Commercial Register, the directory is updated weekly through its simultaneous publication on the HERTS 288 Prestel service by a data link to the polytechnic computer. Further information from Bill Foster or Kate Morris on Hatfield (07072) 66903.

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Although the Council has this site opportunity, together with substantial financial resources towards the capital or revenue costs of such a scheme, it realises that with the current constraints on public expenditure it can not hope to realise the potential of the site unless the private sector can be encouraged to join it in a partnership. The Council, therefore, now wishes to hear from developers and other commercial organisations who might be interested in developing such an arrangement.

A prospectus setting out more details of the opportunity is available from the Department of the Chief Executive and Clerk, Broadland District Council, Thorpe Lodge, Yarmouth Road, Norwich. NR7 0DU (Tel: Norwich 31133 – Ext. 337 or 426).

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Network Major Multiple Discount Trading Company

[illegible]

Write Box F4380, Financial Times 10 Cannon Street, EC4P 4BY

EXECUTIVE SEARCH

[illegible]

MY OWN BUSINESS.

YES, BUT WHICH ONE?

New Business magazine details the secrets of success. 100 fact-packed pages show you exactly how to prosper. No obligation information free from:

DEPT FT8, NEW BUSINESS 21 Wren Street, London WC1X 0HF

USA MANUFACTURING AND WHOLESALE COMPANIES FOR PURCHASE

We are interested in purchasing private manufacturing or distribution companies in the USA with annual sales from five to fifty million dollars (min. $300,000 capital required). Contact:

Business Buyers International, Inc
8 Century Drive
Parsippany, NJ 07054, USA
for appointment in London, Mar. 5-7

HARDSTONE DEPOSIT REQUIRED

AGGREGATES SUITABLE AS QUALITY PRODUCT

Any Area considered

Replies dealt with in strictest confidence

Write Box F4350, Financial Times 10 Cannon Street, EC4P 4BY

LEASING. [illegible]

THE I.B.A. REGISTER. [illegible]

EXCELLENT OPPORTUNITY [illegible]

ASSETS of [illegible]

SWISS DISTRIBUTION COMPANY [illegible]

REMAINING I.B.A. INVESTMENTS. [illegible]

COMPANY SEARCHES [illegible]

VENTURE CAPITAL CONSULTANCY. [illegible]

FOOD MANUFACTURING/PACKING [illegible]

I.B.A.T. [illegible]

INVESTMENT MARKETING

U.S.A. Investment Management Company seeks affiliation with successful, established investment marketing company or agents.

We offer safe, secure investments with excellent profit structure, created to expand your client base and sales volume.

We provide total sales support, outstanding remuneration and variety of investments.

Contact: Mr. William A. F. Martin
c/o The Financial Times, Box F4388
Bracken House, 10 Cannon Street
London EC4P 4BY

PRINCIPALITY OF MONACO

For sale, following inheritance, very prosperous industrial and commercial business. Large selected clientele in France. No special skills required. "Veteran" executives will ensure management continuity. Substantial returns. Business in full expansion for the past 25 years. Great possibilities of export growth. Total price: FF 33 million cash. This price includes about FF 12 million of working capital plus FF 4 million worth of stock.

Information will be disclosed only against proof of financial solvency.

Write for first contact to:

STE BELLAVISTA, LE MILLEFIORI
MONTE CARLO
(Principality of Monaco)

LOOKING FOR NEW BUSINESS OPPORTUNITIES?

1984 EDITION NOW AVAILABLE

General Electric Company's 1984 edition of the New Product/New Business Digest describes 500+ products and processes that are currently available for licensing or acquisition to use or manufacture and market yourself.

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The illustrated, 8½ x 11 inch, 14th annual edition contains over 70 pages and costs $44.00/copy ($51.00/overseas). All USA orders must include your state and local sales tax (GE maintains a business location in all 50 states). Prepaid orders only.

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120 Erie Boulevard, Room 305 • Schenectady, NY 12305 USA

GENERAL ELECTRIC U.S.A.

OPPORTUNITY IN IRELAND

We are a successful manufacturing company well established in Ireland, we manufacture and market a range of DIY products in which we are brand leaders. We are also a supplier of these products to many industries. We have a major interest in the building industry.

We now wish to expand our range and to diversify. We are seeking to achieve this by way of a joint venture, a manufacturing licence or a factoring agreement with a company or individual anxious to extend their activities to Ireland. We have the production space, we have the management team and we have the marketing organisation recognised and respected for its success and professionalism.

For further information write to Box F4375 Financial Times, 10 Cannon Street, London EC4P 4BY

SMALL ELECTRONICS GROUP IN NORTH WEST

seeks minority investment opportunities in small go ahead companies who must have strong, provable profit potential which can be achieved quicker by injection of capital and application of groups development and business expertise. *Reply initially to:*

MURPHY METCALFE & CO
52 Lord Street, Stockport SK1 3NA

LEISURE/FUN BOAT

New opportunity for involvement in new mass market, low cost, fun boat with demonstrated appeal world wide. Patents pending. Consider equity participation or licensing.

Write Box F4367, Financial Times 10 Cannon Street, London EC4P 4BY

CONSUMER CREDIT COMPANY FOR SALE

Pre-tax profits of £300,000 in current accounting year on capital of £500,000 plus bank facilities of up to £0.75 million. Currently 20,000 loan accounts with future growth potential commensurate with additional funding. Could be suitable vehicle for financial diversification for property company. Majority shareholder's sale. Minority could also be available. Purchase consideration could be accepted in quoted shares.

Write Box F4385, Financial Times 10 Cannon Street, London EC4P 4BY

THE FINANCIAL SERVICES REVOLUTION

Consultant available with experience in the design and implementation of computer systems to support the delivery of integrated financial products and services

Replies in strictest confidence to Box F4378
Financial Times, 10 Cannon Street, London EC4P 4BY

BRITISH TRADE AUCTIONS

FEBRUARY 23rd

is the closing date for entries for the

LARGEST STOCK AUCTION

ever held in Great Britain. Presenting for the first time an opportunity to clear all residual stocks once and for all.

* 7,000 potential buyers.
* True value realised with no risk to the vendor.
* All stock fully insured.
* Guaranteed immediate payment.
* Small or large lots still accepted.
* Ideally located in central West Midlands.

For further information telephone:
Harry Rabie or Peter Sherratt
021-520 7561
BRITISH TRADE AUCTIONS
Tipton, West Midlands

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Group currently developing four major franchise applications in London, Midlands and North, offers investment opportunities and participation in both Cable Operation and Programming areas. Objective OTC, USM or full listing as soon as possible.

Apply in confidence to Box F4381, Financial Times 10 Cannon Street, EC4P 4BY

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Cherche pour sa clientèle: méthode linguistique pour l'étude des langues suivantes:

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Les éditeurs sont priés de faire leurs offres à n.c. Les Presses du Foyer, département diffusion, rue St-Pierre 3, CH-1003 Lausanne (Suisse)

INVEST IN LIVESTOCK RECOVERY

The most profitable investments are often made when a cyclical industry is emerging from depression. Equity investment of £30,000 required for high margin breeding pig production close to London. Possibility of BES type investment or partnership with tax losses.

Write Box F4387, Financial Times 10 Cannon Street, EC4P 4BY

Do you have products or services suitable for a DISTRIBUTORSHIP OR FRANCHISE OPERATION?

A very successful and proven entrepreneur with an existing international operation has the expertise and facilities to receive acceptable portfolios. No fee is charged for consultation. *Please write in the first instance with brief details to:*

The Chairman, PCC, 27 Cobham Rd
Ferndown Industrial Estate
Wimborne, Dorset

INVEST YOUR TAX IN FURNITURE!

Furniture Co with Showroom needs £30,000 to exploit full potential. Shares issued under Business Expansion Scheme in multiples of £5,000 upwards.

C. R. Morgan, FCMA
TEMPLE FINANCIAL SERVICES LTD
Temple, Marlow, Bucks.
Tel: 0494 31333

Carton Manufacturer

(Home Counties Location)

With modern plant now requiring alternative accommodation, seeks outright sale to or merger with similar progressive company. Turnover £700,000-£800,000

For further particulars and indicating reasons for your interest write to Box F4386, Financial Times 10 Cannon Street, EC4P 4BY

FINANCE COMPANY BROKERS SEEK FINANCE CORPORATION OR BANKERS

requiring representation in the lucrative Midlands consumer credit market. With connections in the cities of Leicester and Nottingham, we seek an exclusive franchise for providing finance, principally to the motor trade.

For further details, please reply in confidence to Box F4270, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESSES FOR SALE

Video Library Chain & High-fi Retailer

London area

★ 5,000 members
★ 9,500 films (1,000 titles)
★ Operating from 8 leasehold shops in Holborn, Ilford, Lewisham, East Ham, Wandsworth, Bromley, Grove Park, Blackheath and head office in Plaistow
★ Offers invited for business as going concern or for individual shops

For further information contact the Joint Receiver and Manager, A. F. Jones at:

Peat, Marwick, Mitchell & Co,
45 Church Street, Birmingham B3 2DL
Telephone: 021-233 1666 Telex: 337774

PEAT MARWICK

Irish Savings Building Society

FOR SALE

THE BUSINESS ASSETS AS A GOING CONCERN

CONTACT DAVID HUGHES, PROVISIONAL LIQUIDATOR

Reynolds Cooper McCarron,
Chartered Accountants,
Marine House,
Clanwilliam Place,
Dublin 2
Ireland
Tel. (0001) 609433
Telex 30333 RMCD EI

RCM Reynolds Cooper McCarron

KMG

FOR SALE

Production and export of protective garments. Expanding company. Localisation: CEE—North Africa—USA. Turnover more than £8m. Net profit £600,000. Purchase price around £3m.

Production high quality printed circuit board (electronic) CEE. Fast growing (40% yearly). Net profit 20% turnover. Purchase price around £4m. Write to:

STONEHILL, STAS & COMPANY
Av. des Pâturins, 4—1180 Brussels

Specialists in mergers and acquisitions, we have regularly valuable opportunities.

Investors, our intervention is free of charges for you. Please, contact us for all information or enquiries.

Existing Marketing and Distribution Company

Reputable direct-sell U.S. company, largest in its segment, wishes to sell its already established business in England. Current annual sales of this business over £1 million with high profit potential for a go-ahead businessman or a person with direct sell/sales background who wishes to run own company. Initial investment requirement in the region of £100,000 for part payment of current inventory. No fee or goodwill asked for the business already very well developed.

We are seeking to develop long-term relationship with a person who can motivate and work with people on the one hand and run his business with control on the other. For this kind of person it is an excellent opportunity.

Write in confidence providing details to:

B. Wilkes, FCL

3 Castel Street, High Wycombe, Buckinghamshire HP13 6RZ

WELL EQUIPPED GARAGE BUSINESS

Car Sales, Repairs and MoT facilities
General motors franchise which could be continued subject to General Motors approval. Leasehold property 99 years from 1st January 1983
Five year rent reviews. Current rental £4,400 pa
Total site area approximately 0.37 of an acre
Turnover in excess of £700,000

Principals only apply: Ernst & Whinney
37 New Walk, Leicester LE1 6TU

FOR SALE

Specialist Vehicle Repair Company

WEST MIDLANDS

Well established and profitable company engaged in private, commercial and disabled persons' vehicle repairs with DHSS approval, MoT licence and bodywork facility available for sale. The company occupies modern premises with a reliable workforce but is now surplus to holding company's requirements. The asking consideration for the business is offers in excess of £220,000.

For initial information please reply to Box G9458 Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESSES FOR SALE

MAJOR SOUTH COAST RESORT & COMMERCIAL CENTRE
A well established and fully equipped
CASINO
With a Regular Clientele.
6 Gaming Tables, Lounge Bar, and usual ancillary accommodation, providing an ideal opportunity for an independent owner.
For Sale as a Going Concern at a Realistic Price.
Preliminary details available from: Box G9455, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
LIMITED COMPANIES
With agreed tax loss of £512,000 (stock relief) available
A long established family-owned development company which is trading successfully. The main asset of the company is a serviced industrial park in a Special Development Area. Managing director/owner wishes to retire.
Full details:
MELLER BRAGGINS & CO
Estate Agents
52 Watergate Street, Chester
Tel: 0244 24731/42754

Sailcloth weaving business and sailmakers
Location south coast
For sale as a going concern
- Freehold property
- Specialist sailmaking and sailcloth weaving machinery
- Old established business
- Annual turnover £1.5m.
- Over 50% sales export

For further details contact the receiver and manager, S S James
TML KMG
Thomson McLintock & Co
70 Finsbury Pavement, London EC2A 1SX

AIRCRAFT MANUFACTURING PROJECT
Minimum twin piston-engined four seater light aircraft, designed to be powered by twin Lycoming 0-320-D1A engines, with Hoffman propellers, full dual controls and a choice of avionics (IFR/Radio). Development project based at Sandown Airport, Isle of Wight, England. Prototype, approx 90% complete, 95% design drawings, majority to a standard suitable for release to production.
Set of designs, drawings, lofts and stress and aerodynamic calculations, together with jigs and tools suitable for prototype manufacture. Two incomplete sets of airframe detail parts, suitable for structural testing and the manufacture of a second prototype.
Please contact John Macmillan, Enterprise House, Lombard Bramall Road, Portsmouth PO1 2RZ. Telephone: 0705 753175. Telex: 869112.
Thornton Baker

CRESTJOY GROUP OF COMPANIES
Manufacturers of full range of double glazed aluminium windows, doors and roller shutters, operating from premises in Bridgend South Wales subject to long lease, together with retailing and installation business, covering the South of England, located in leasehold premises in Teddington Middlesex (freehold available).
Turnover approximately £2.5 million.
Business for sale as a going concern.
Enquiries to The Receiver P.R. Copp FCA. (ref. EVLB) on 01-486 5858 or in writing.
SH Stoy Hayward & Partners
44 Baker Street, London W1M 1DH.

Delta Mouldings [Leicester] Limited
The business and assets of this company are offered for sale as a going concern.
- Manufacturers of the Comfitts range of natureform footwear.
- Comprehensive polyurethane moulding plant for all types of micro-cellular products involving shoe soles, sandals, and tyres.
- Injection moulding section with machinery of 4 to 17 oz capacity.
- 30,000 sq ft single storey factory and warehouse with spacious two storey office block. Situated on outskirts of Leicester with good links to motorway.

Further information can be obtained from:
J. F. Doleman, Touche Ross & Co., St. Johns House, East Street, Leicester LE1 6NG.
Tel. 0533 543598 Telex 341 880

FRANK PORTER LTD.
The business and assets of this long established Derby based transport company with a fleet of 15 vehicles engaged in mixed haulage for blue chip companies in the U.K. and to and from Northern Ireland and the continent.
Annual turnover £1 million. Freehold premises or leasehold may be arranged.
Further information from The Joint Receivers John Twigg and Maurice Withall, Enfield House, 18 Low Pavement, Nottingham NG1 7DL. Telephone: 0602 506041
Thornton Baker

Medical Diagnostic Centre
Harley Street
The business and assets of a Medical Centre specialising in modern technology diagnostics are available for purchase. Annual turnover £600,000.
Further details from A. J. Barrett F.C.A.
Deloitte Haskins+Sells
128 Queen Victoria Street, London EC4P 4JX

SMALL PRIVATE MAIL ORDER VITAMIN BUSINESS
With £20,000 available income yearly PRICE £60,000
Established nine years
Audited accounts until April 1983
Write Box G9478, Financial Times 10 Cannon Street, EC4P 4BY

METAL FABRICATION COMPANY for sale. Situated in Manchester area with freehold premises. Modern equipment and skilled workforce. Turnover approx. £0.5m. Currently trading profitably with good order book. Write Box G9475, Financial Times, 10 Cannon Street, London, EC4P 4BY.

International Haulage Business
For Sale
Established international transport company based in Maldon, Essex, servicing Europe. Well equipped truck and trailer fleet consisting in main of Scania.
For further information contact: S.J.L. Adamson C.A.
Arthur Young McClelland Moores & Co.
Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH
Telephone: 01-831 7130 ext. 4410
Arthur Young McClelland Moores & Co.
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

SHOPFITTING BUSINESS FOR SALE BY RECEIVERS
DAVIES SHOP EQUIPMENT LIMITED
LEWITT & OWEN (SHOPFITTERS) LIMITED
Established shopfitting business in Nottingham.
Freehold factory and offices. Turnover £1 million.
Contact the Joint Receiver:
P. W. G. DuBuisson, Binder Hamlyn
8 St. Bride Street, London EC4A 4DA
Telephone: 01-353 3020

CHRISTIE & CO
IMPORTANT LEISURE COMPLEX
"THE INN ON THE GREEN"
PAIGNTON, S. DEVON
2½-acre Outstanding Valuable Sea-front Site. 79 quality Holiday Flats. Bars, Dancing, comprehensive Leisure/Sporting facilities. Development site. Free & Fully Licensed. Turnover £300,000 mainly seasonal. Substantial profits. Freehold.
OFFERS OVER £1 MILLION
Joint Agents:
CHRISTIE & CO., 31 Queen St., Exeter. Tel. (0392) 59371
WAYCOTTS, 5 Fleet St., Torquay. Tel. (0803) 212321

CONSTRUCTION COMPANY NIGERIA
EXPATRIATE-CONTROLLED LAGOS-BASED COMPANY
Established 18 years with profit history. Present contracts exceed N4 million with reputable clients. Totally self-contained, very secure site suitable for development, comprising houses, offices, workshops and yard.
FOR SALE ON ON-GOING BASIS
Write Box G9454, Financial Times 10 Cannon Street, London EC4P 4BY

PRECISION ENGINEERING
Toolmaking and precision engineering company for sale as a going concern. The business is trading profitably on sales of over £2m. Assets include freehold property
Please reply to Box G9471
Financial Times, 10 Cannon Street, London EC4P 4BY

METAL TREATMENT
Old established shotblasting, metal spraying and painting company in South Yorkshire occupying freehold site which includes 60,000 sq ft covered area with a further 30,000 sq ft of storage space serviced by cranage to a capacity of 35 tonnes. Excellent access close to M1 motorway. Turnover £400,000 per annum.
Principals please write to Box G9463 Financial Times, 10 Cannon Street, London EC4P 4BY

ENGINEERING South East England
Long established engineering company with own freehold factory
Turnover approx. £400,000, contracting and own product range
Write Box G9467, Financial Times
10 Cannon Street, London EC4P 4BY

BUILDING CONTRACTOR/DEVELOPER
NORTH-WEST SCOTLAND
Turnover in excess of £1m with substantial profits
All replies will be treated in strict confidence but only serious principals should apply. *Further information from:*
D. J. Maclay, C.A.
Spicer Watson & Co., Chartered Accountants
65 Renfield Street, Glasgow G2 1NS (Tel. 041-331 1501)

CNC MACHINE TOOLS
Due rationalisation, group wishes to dispose of manufacturing rights and stock of newly developed medium size CNC machines. Stock value 175k
MACHINE ACCESSORIES
As above but accessories for machine tools. Stock value 30k
HYDRAULIC PRESSES
As above but heavy hydraulic presses. No stock.
All available as going concerns with or without premises and plant
Principals only please write to Box G9465
Financial Times, 10 Cannon Street, London EC4P 4BY

INSURANCE BROKERS
An unusual opportunity may have arisen to purchase a very old established insurance broking house in a major North West provincial centre. Commission income exceeds £200,000. Any response not considered to be serious will be discounted, and all interested parties must give an indication of purchase price (which would need to be substantial to reflect reputation and potential) and, for special reasons, a firm projection of a very early completion date. The company, in the hands of a body with the necessary appetite, has quite fantastic potential. Owner would cease to participate in practical terms, but if appropriate, would, on suitable terms, continue to support in all other directions.
Write Box G9472, Financial Times 10 Cannon Street, EC4P 4BY

LEISURE COMPANY FOR SALE
Discotheque & Public House
City Centre Location
1983 Audited Net Profits
£100,000+
Cash (£50,000++) in Bank
OFFERS INVITED
G. L. HEARN & PTS.
28 Mount St, London W1 01-499 3933

FOR SALE
QUALITY PRINTER
North West - 600k turnover
Past losses now break-even
High quality customer list
Freehold Premises
First class qualified staff
Please enquire initially to:
J. Melling, FCA
15 Bridgeman Terrace
Wigan WN1 1TB

SMALL LIGHTWEIGHT
MATERIALS HANDLING COMPANY
Patented products. Excellent potential. Substantial tax losses may be available
Principals only reply to:
R. A. Moss, Morton Thornton
Torrington House, 47 Holywell Hill
St Albans, Herts AL1 1HD

SPECIALIST
ENGINEERING COMPANY
Expanding and highly profitable
Situated in Southern England
Profits currently £70-£120,000
Applications from principals only to Box G9460, Financial Times 10 Cannon Street, EC4P 4BY

TRAVEL AGENCIES FOR SALE
In West London to be sold with the benefit of a Licence either Freehold or Leasehold
Minimal Turnover
Write Box G9474, Financial Times 10 Cannon Street, EC4P 4BY

AIR TICKET AGENCY. Home Counties. Offers. Tel: 02403 4190.

FOR SALE
WEST MIDLANDS
An old established builders merchants with freehold premises with room to expand, with DIY potential and excellent office accommodation.
Write Box G9469, Financial Times 10 Cannon Street, EC4P 4BY

KITCHEN SHOPS
A diversified group wishes to dispose of two kitchen shops in a prosperous part of the South East, which no longer fits into its trading strategy. Excellent, well located leasehold premises with complete displays, long established reputations and a nucleus of experienced specialist staff available. Potential t/o £400,000 pa plus, with attractive margins. Continuity of exclusive kitchen units if required. Price to include all displays, appliances, lease premium, goodwill etc.
£115,000
Part deferred for good security
Principals only to Group MD Box G9476, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
BUSINESS TRAVEL AGENCY
LONDON WEST END
IATA/ABTA plus Travicom
PRICE £45,000
Preferred purchaser — institution *with large annual expenditure on travel* • No brokers
Write Box G9445, Financial Times 10 Cannon Street, EC4P 4BY

AUSTRALIAN Non-residential Company with no assets or liabilities for sale. £1,500. Write Box G.9453, Financial Times, 10, Cannon Street, London EC4P 4BY.

COTSWOLD BUILDING company for sale. Well established full order book T/O £240K. High net profits. Broad client base with negotiated, repeat business. Price £139K F.H. Tel: 074031 297 Eves.

TRAVEL AGENCY for sale (unlicensed). Small and well-established in West End. Telephone: 01-400 1997.

FOR SALE—Recently constructed Marina with 1,500 sq. ft. mooring, toilet and shop facilities—Northampton. Full details: Gilroy Commercial (0.434) 213434.

SKIP HIRE BUSINESS
FOR SALE
With option of premises with GLC Licensed Transfer station. Well known respected co. operating from base in East London close to City with good contracts and profits plus scope for expansion, genuine reason for sale. *Reply in confidence to*
Box G9477, Financial Times 10 Cannon Street, EC4P 4BY

HOTELS AND LICENSED PREMISES

HOTEL
CARDIFF CITY CENTRE
Excellent location close to business centre and stadium, comprising 27 Bedrooms, popular Restaurants and Bars. *Turnover in region of* £350,000 pa. Long leasehold
For Sale as going concern
Write Box G9468, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
SMALL SHEETMETAL WORK AND WELDING COMPANY
This family business, located in South Humberside area and established for 25 years, is for sale as a going concern due to the forthcoming retirement of the principal. Long-lease factory with turnover in excess of £200,000 and trading profitably.
Further details from Box G.9470, Financial Times, 10 Cannon Street, London EC4P 4BY.

LEGAL NOTICES

GAZ DE FRANCE
National Service
Public Corporation of the French State
(law on nationalisation of Electricity and Gas of April 8th, 1946)
Registered Office: 23 rue Philibert Delorme, Paris (17ème)
5% BONDS 1970-1985 OF US$1,000

NUMERICAL LIST
1) Of the series including, with the previous repurchases, the 1,230 bonds drawn by lot on JANUARY 25, 1984 (fourteenth drawing) making up the totality of the nominal amount US$1,330,000 to be redeemed on MARCH 15, 1984:
5,929 to 8,796 8,127 to 8,665
2) Of the series previously drawn by lot among which one bonds not yet presented for the repayment:
Drawing of JANUARY 25, 1977 — Reimbursement MARCH 16, 1977
3,406 to 10,765
Drawing of JANUARY 25, 1978 — Reimbursement MARCH 15, 1978
890 to 2,035
Drawing of JANUARY 25, 1979 — Reimbursement MARCH 16, 1979
4,548 to 5,903
Drawing of JANUARY 24, 1980 — Reimbursement MARCH 15, 1980
2,006 to 2,716 6,904 to 6,928
Drawing of JANUARY 27, 1981 — Reimbursement MARCH 16, 1981
13,724 to 13,817 15,148 to 15,383
Drawing of JANUARY 26, 1982 — Reimbursement MARCH 15, 1982
11,107 to 11,611 12,976 to 13,723 18,384 to 18,493
Drawing of JANUARY 25, 1983 — Reimbursement MARCH 15, 1983
16,494 to 17,502
These bonds will be redeemed at US$1,000 at the office of the CHASE MANHATTAN BANK in NEW YORK and the offices of the following banks:

—BANQUE NATIONALE DE PARIS, PARIS	—CREDIT LYONNAIS, PARIS
—SOCIETE GENERALE, PARIS	—BANQUE PARIBAS, PARIS
—CREDIT COMMERCIAL DE FRANCE, PARIS	—COMMERZBANK AG, DUSSELDORF
—DEUTSCHE BANK AG, FRANCFORT SUR LE MAIN	—DRESDNER BANK AG, FRANCFORT SUR LE MAIN
—BANQUE BRUXELLES LAMBERT, BRUXELLES	—KREDIETBANK NV, BRUXELLES
—SOCIETE GENERALE DE BANQUE SA, BRUXELLES	—BANCA COMMERCIALE ITALIANA, MILAN
—BANCA NAZIONALE DEL LAVORO, ROME	—KREDIETBANK SA LUXEMBOURGEOISE, LUXEMBOURG
—CREDIT LYONNAIS, Agence de Luxembourg, LUXEMBOURG	—BANQUE GENERALE DU LUXEMBOURG SA, LUXEMBOURG
—SOCIETE GENERALE ALSACIENNE DE BANQUE, LUXEMBOURG	—ALGEMENE BANK NEDERLAND NV, AMSTERDAM
—AMSTERDAM ROTTERDAM BANK NV, AMSTERDAM	—BARCLAYS PLC, LONDON

Outstanding amount US$1,380,000.

CONTRACT & TENDERS

Tenders for Insurance Covers.
Tenders are invited for insurance covers for Kenya Airways and its subsidiaries for the period 1st April 1984 to 31st March 1986 in respect of:
a) Aircraft hull and liability.
b) Loss of licence for flight deck crew.
c) Group life and personal accident.
d) Other specified non-aviation risks.
Tender documents specifying all the particulars of the tender may be obtained from: The Company Secretary, Kenya Airways, PO Box 19002, Nairobi.
Tenders in plain, sealed envelopes marked 'Confidential: Tenders for Insurance Covers' and without further indication of contents should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the tender box in room no. DS308, Kenya Airways Headquarters Building A, Embakasi, Nairobi so as to reach him by noon on February 17th 1984.
Kenya Airways is not bound to accept the lowest or any tender.
K. S. BHULLAR, COMPANY SECRETARY.
Kenya Airways

PERSONAL

FACT
IT CANNOT BE CURED, it cannot be prevented, it can be controlled only by proper treatment. More research is required to find a cure—
DIABETES
Join us — Help us
Support us
BRITISH DIABETIC ASSOCIATION
10 Queen Anne Street, London W1M 0BD

M.D.D.W. I will always love you, take care of you and look after you. Lots of kisses and cuddles. G. the P.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. ROBERT ORGAN. Recent Paintings.

MALL GALLERIES, The Mall, SW1. United Society of Artists. Eric Fraser—Drawings. 7-17 February. Daily 10-5. Adm. £1.

MARTYN GREGORY. Exhibition of early English and Continental Watercolours, 14th February to ... 34 Bury Street, St. James's, London, SW1. 01-839 3731.

MOORMAN & BROD, 24, St. James's Street, London, SW1. 01-839 5606/3871. GORDON & JONGKIND. An exhibition of paintings, watercolours and etchings. Mon.-Fri. 9.30-5.30. Until 24th February.

PARKIN GALLERY, 11, Motcomb St., SW1 (01-235 8144). WALTER GREAVES AND THE GOUPIL GALLERY. Until Feb. 17.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

RAMON'S NIGHTCLUB RESTAURANT, 42, Dean Street, W1. Where today's businessman can relax and enjoy an exciting evening. Various cabaret acts throughout. Charming and discreet dancing partners available. Open nightly 9 pm to 3 am. 01-437 9455.

APPOINTMENTS

Senior posts at Wilkinson Sword

WILKINSON SWORD has made two promotions. Mr Stuart Anderson, director and general manager of the international division, becomes managing director, Wilkinson Sword UK, responsible for all branded products, and exports from UK operations. Mr Richard Armitage, managing director of Bryant and May, will in addition become responsible for the UK packaging operations centred on H. W. Chapman.

★

Mr Michael J. T. Hunton is to be appointed chairman of BURCO DEAN, in May, 1983, has ... Mr Spencer Crookenden, who will retire on April 17. Mr Hunton, a director of the Charente Steam-Ship Company, has been a director of Burco Dean since November 1978.

★

Mr Colin A. Griffith, deputy managing director of Mocatta & Goldsmid, will become managing director of MOCATTA COMMERCIAL on April 16. Mr Michael H. Alexander, managing director of Mocatta Commercial will become the Mocatta Group's international marketing director based in New York. Mr Nigel Dentoom has been appointed a director. Mr Philip Wilson has been appointed a director of Mocatta & Goldsmid. Mocatta & Goldsmid is Mocatta Commercial's parent company.

★

Sir Iain Moncreiffe, the Earl of Erroll, Lord Teviot, Lady Elizabeth Shakerley, Mr David Howard, Major Douglas Sutherland and Mr H. B. Brooks-Baker have joined the board of BURKE'S PEERAGE.

★

Dr Derek James Burr has been appointed chief executive of the new MANCHESTER SCIENCE PARK, a partnership between Manchester City Council, Manchester University and private industry. He comes from the Amalgamated Metal Corporation.

★

Tyne Tees Television has launched a new subsidiary, TYNE TEES ENTERPRISES, to look after its international sales, publishing and merchandising. The new company will be spearheaded by Mr Tony Sandford, chief executive programme sales and Ms Maggie Marfitt-Smith, publishing and merchandising manager.

★

Mr John Salisse, a director of Marks and Spencer, is to be chairman of the CONFEDERATION OF BRITISH INDUSTRY'S distributive trades survey panel. The panel's task is to oversee the interpretation of the monthly CBI/Financial Times Distributive Trades Survey. Its creation is part of a programme aimed at deriving the maximum value from the survey which was publicly launched last October although the first full survey was conducted last July. Panel membership is drawn from companies in both wholesale and retail distribution and from trade associations. It includes representatives from the Retail Consortium and the Federation of Wholesale and Industrial Distributors, both of which support the survey.

★

Mr David Dickinson, who joined the board of CROW OF READING in May, 1983, has been appointed technical director with executive responsibility for all engineering activities.

★

Dr Willem van Asselt, who has been managing director of UKF FERTILISERS, Chester, since 1978 is returning to Holland on September 1 to take a new appointment with the UKF Group in Utrecht. His successor will be Dr Gerrit van Ling, at present general manager of the UKF plant at IJmuiden, Holland.

★

Mr Barry D. Lovell has been appointed to the board of LEOPOLD JOSEPH AND SONS (GUERNSEY).

★

Mr John S. Vandore has been appointed sales and marketing director for SCAMMELL, part of Leyland Trucks. He was sales and marketing director for SCG, a subsidiary of Leyland Vehicles.

★

STAKIS has appointed Mr Anthony Lang as managing director and Mr James Moore as financial director of Stakis Finance, a wholly-owned subsidiary. The company replaces Apollo Leasing.

★

Mr Johnny Goodman, executive director of Production has been made responsible for the operation of EUSTON FILMS, a wholly-owned subsidiary of Thames Television. Ms Linda Agran, head of scripts and development will assume responsibility for project developments, in addition to her present responsibilities as script executive. Mr Lloyd Shirley, Thames controller of drama and a founder director of Euston, will rejoin the board of Euston Films and will act as executive producer on specific projects made by the company. Ms Verity Lambert will continue her association with Euston Films as a consultant, although she has left the board to concentrate on production at Thorn EMI Films.

★

Mr Jefferson W. Baguley has been appointed production director of DOWTY HYDRAULIC UNITS. He was senior works manager with Dowty Fuel Systems.

CONTRACTS

Balfour Beatty gains £7m West African radio order

The telecom projects unit of BALFOUR BEATTY POWER CONSTRUCTION has been awarded a £7.4m turnkey contract for a microwave radio system for the Ministry of Posts and Telecommunications in the United Republic of Cameroon, West Africa, to provide additional telephone channels for the South West Province, and facilities video signal distribution for the TV service due to begin soon. The microwave system consists of 11 hops covering about 250 route km. Links between Mamfe and Bamenda will carry TV and 1,260 telephone channels while the links between Douala, Buea and Nguti will carry 1,260 telephone channels only. Microwave radio equipment and services are provided under subcontract by Ferranti, Edinburgh, and GEC frequency division will provide the multiplex equipment. A 24 point telementry system will monitor the performance of the radio, multiplex equipment and the power generators. Access roads, power and equipment buildings, structures and other civil works are required on most sites and a comprehensive UK and local training programme is incorporated. The contract is due for completion by 1986. Balfour Beatty is a member of the BICC Group.

★

£2.5m Burma plant order

GOODWIN BARSBY has won an order worth £2.5m for crushing plant for Burma. Placed by the Construction Corporation of Rangoon, a Government body, the sale is being financed by the World Bank. The contract covers 13 mobile crushing and screening plants, each powered by a Caterpillar engine supplied by Bowmaker Plant.

★

SEAFAST, Aberdeen, is to provide two supply vessel mooring systems for the Ras Fanar Field platforms in Egypt. The contract, worth over £200,000, was awarded by Fluor Ocean Services on behalf of Deminex Egypt Oil Company, the field operators.

★

THE McMURDO INSTRUMENT CO is to supply Fratelli Borletti, Milan, with MX 42/21 fuze energiser batteries under a contract worth £130,000. They are to power proximity-fuzed ammunition being produced by Borletti for naval use.

★

PETER BROTHERHOOD, a subsidiary of Thermo Electron Corp, has been awarded a contract for a 10 MW dual pressure steam turbine generator set worth £1.2m. The unit will form part of a cogeneration facility which will be designed, constructed and installed by Thermo Electron in Dade County, Florida. The facility will produce a combination of electricity, air conditioning and hot water. Other export contracts won recently, totalling over £4m, include three reciprocating gas compressors for Taiwan, six steam turbines for Indonesia, Iran, Pakistan and Central America, and three waste heat recovery turbo generators for container ships being built in Poland. Special process machinery contracts include equipment for a synthetic fibres manufacturing complex in Korea and a metalliser unit for the U.S.

★

THORN EMI ELECTRON TUBES, Ruislip, has been awarded a contract worth over £100,000 to supply photomultiplier tubes as light detectors for the "Hipparcos" start measurement satellite of the European Space Agency which will be launched by an Ariane rocket in March 1988. The photomultipliers will be supplied to the Laboratory of Space Research at Utrecht, where the detector sub-system package will be built under contract from the Matra Company, Toulouse, prime contractor for the satellite. The satellite will be placed in a geostationary orbit and will map the positions, movement and brightness of 400,000 stars.

★

Four low voltage composite switchboards supplied by ARCONTROL to Sidem, for a desalination plant in Gibraltar, are worth over £70,000.

★

The HALIFAX TOOL COMPANY, a member of the Marshalls Halifax Group, has obtained an order, worth over £100,000, to supply a water well drilling rig to the Coconut Development Authority in Sri Lanka. The rig will be used for drilling water wells to assist in coconut irrigation.

★

PEABODY HOLMES has received an order worth around £115,000 from Rugby Portland Cement to supply positive displacement air blowers and ancillary equipment for the discharge of cement from its fleet of bulk transport vehicles. Each machine will be supplied with integrally mounted hydraulic motor and a boost unit. These will be connected to a hydraulic pump driven by the power take-off of the vehicle.

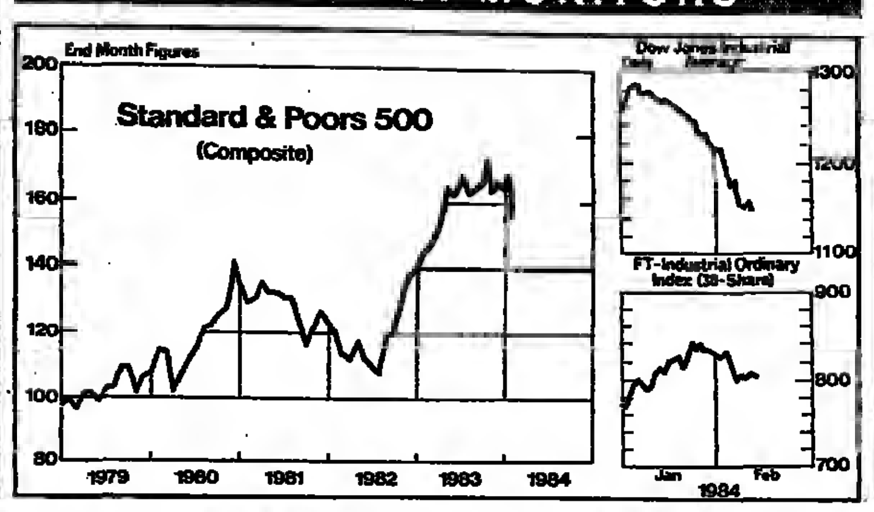
★

SOILAX has received a contract worth £600,000 from the Dairy Crest Creamery, Torrington, North Devon. The contract includes project management services, design, engineering, installation and commissioning of process plant incorporating equipment for milk intake, skim and buttermilk distribution as well as facilities for evaporator installation.

FINANCIAL TIMES

Tuesday February 14 1984

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 13	Previous	Year ago
NEW YORK			
DJ Industrials	1150.13	1160.70	1086.50
DJ Transport	507.81	514.55	479.91
DJ Utilities	125.63	127.17	123.66
S&P Composite	155.17*	156.30	147.62
LONDON			
FT Ind Ord	803.00	805.40	660.70
FT-A All-share	482.65	481.97	412.08
FT-A 500	515.74	514.95	447.11
FT-A Ind	470.88	471.04	420.72
FT Gold mines	589.90	595.30	712.50
FT Govt secs	82.60	82.49	79.21
TOKYO			
Nikkei-Dow	9963.16	9959.90	8017.56
Tokyo SE	774.07	775.40	583.22
AUSTRALIA			
All Ord.	738.60	743.40	508.20
Metals & Mins.	512.40	518.50	455.90
AUSTRIA			
Credit Aktien	55.48	55.35	48.74
BELGIUM			
Belgian SE	141.61	140.80	105.92
CANADA			
Toronto Composite	2377.8	2410.50	2121.60
Montreal Industrials	415.44	420.30	361.38
Combined	400.82	404.99	348.75
DENMARK			
Copenhagen SE	209.66	211.12	105.33
FRANCE			
CAC Gen	166.20	163.60	104.70
Ind. Tendance	107.30	106.80	108.30
WEST GERMANY			
FAZ-Aktien	352.37	351.54	259.48
Commerzbank	1039.30	1037.20	779.10
HONG KONG			
Hang Seng	1062.36	1050.77	931.40
ITALY			
Banca Comm.	219.79	218.57	196.88
NETHERLANDS			
ANP-CBS Gen	159.40	158.70	108.40
ANP-CBS Ind	131.90	131.20	94.20
NORWAY			
Oslo SE	240.18	238.83	136.09
SINGAPORE			
Straits Times	1063.44	1060.20	798.60
SOUTH AFRICA			
Golds	n/a	901.80	994.70
Industrials	n/a	972.70	836.10
SPAIN			
Madrid SE	closed	111.89	103.42
SWEDEN			
J & P	1580.33	1560.82	1134.07
SWITZERLAND			
Swiss Bank Ind	366.00	365.90	306.00
WORLD	Feb 10	Prev	Year ago
Capital Int'l	178.90	179.10	160.50

GOLD (per ounce)

	Feb 13	Prev
London	$377.25	$378.50
Frankfurt	$376.75	$377.75
Zürich	$376.75	$377.75
Paris (fixing)	$377.78	$377.41
Luxembourg (fixing)	$377.60	$380.85
New York (Feb)	$377.20	$377.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 13	U.S. DOLLAR Previous	STERLING Feb 13	STERLING Previous
$	–	–	1.4180	1.4140
DM	2.7375	2.7435	3.8850	3.8825
Yen	234.35	234.65	332.50	332.00
FFr	8.4200	8.4500	11.9400	11.9450
SwFr	2.2375	2.2370	3.1750	3.1650
Guilder	3.0865	3.0910	4.38	4.3725
Lira	1685.00	1687.00	2389.00	2385.00
BFr	56.06	56.15	79.50	79.40
C$	1.24725	1.24625	1.7685	1.7620

INTEREST RATES

	Feb 13	Prev
Euro-currencies (3-month offered rate)		
£	9 7/16	9 9/16
SwFr	3 9/16	3 9/16
DM	5 13/16	5⅞
FFr	15⅛	15⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9 15/16
6-month U.S.$	10⅛	10 1/16
U.S. Fed Funds	9½	9
U.S. 3-month CDs	9.50	9.50
U.S. 3-month T-bills	9.05	9.03

U.S BONDS

Treasury		Feb 10 Price	Feb 10 Yield	Prev Price	Prev Yield
10⅜	1986	99 27/32	10.71	100	10.62
11¾	1991	100 6/32	11.73	100 17/32	11.63
11.75	1993	99 21/32	11.80	100 6/32	11.72
12	2013	100 25/32	11.92	101 11/32	11.84
Corporate		Feb 13 Price	Feb 13 Yield	Prev Price	Prev Yield
AT & T					
10⅜	June 1990	94⅛	11.70	94¼	11.70
3⅜	July 1990	68⅜	10.75	68⅝	10.75
8¾	May 2000	75¾	12.20	75¾	12.20
Xerox					
10⅜	March 1993	92¾	11.95	92¾	11.95
Diamond Shamrock					
10¾	May 1993	91⅝	12.15	91⅝	12.15
Federated Dept Stores					
10⅞	May 2013	87⅛	12.20	87⅛	12.20
Abbot Lab					
11.80	Feb 2013	96⅞	12.20	96⅞	12.20
Alcoa					
12¼	Dec 2012	96⅞	12.65	96⅞	12.65

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	69–23	69–27	69–22	70–02
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.90	90.94	90.90	90.95
Certificates of Deposit (IMM) $1m points of 100%				
March	90.34	90.37	90.33	90.36
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.15	90.16	90.13	90.17
20-year Notional Gilt £50,000 32nds of 100%				
March	108–13	108–15	108–06	108–10

COMMODITIES

(London)	Feb. 13	Prev
Silver (spot fixing)	613.45p	616.65p
Copper (cash)	£983	£983.50
Coffee (March)	£2124.00	£2098.00
Oil (spot Arabian light)	$28.42	$28.50

WALL STREET

Underlying trends face severe test

INVESTORS and analysts braced themselves yesterday for the start of a trading week on Wall Street which is likely to prove a severe test of the underlying trends of the stock market, *writes Terry Byland in New York.*

Indications were being awaited whether Friday's rally was the first sign of a recovery in the market, or merely a pause before stocks resume their downward path.

But Wall Street was working at only half steam yesterday with the federal bond and money markets, together with the New York Federal Reserve and most New York banks, closed for Lincoln's birthday.

The stock market fell sharply in the afternoon when the Dow Jones industrial average was more than 17 points down, but dealers agreed that the market was hardly active enough to provide a genuine test of investment attitudes.

The day's total of 78.9m shares traded was the lowest this year, and even a shade below that of the post-Christmas period. Helped by a rally in the last hour of trading, the Dow closed a net 10.57 points off at 1,150.13, its lowest point since April 12 last year.

The stock market was still absorbing Friday's unwelcome news that U.S. money supply is rising sharply. A $3bn rise in M1 for the latest reporting week was in line with expectations but the trend of M1 – up 11 per cent in January – was giving cause for disquiet.

This week will bring further evidence of economic trends in the form of retail sales, personal income and industrial production for January.

The major corporate news came from Ford Motor, which announced a glittering profit performance for last year. However, after General Motors' profit figures, the market had been expecting a similar performance from the number two of the industry and Ford eased $1⅛ to $37¼ in modest turnover.

Again, the market was discouraged by IBM, once its most favoured stock, which dipped $1⅛ to $108¾ in relatively brisk trading.

Other major issues to soften included General Motors, $⅝ off at $68¾; General Electric, $1¾ down at $52½; and United Technologies, $½ down at $64⅛.

NCR, a depressed stock for some weeks now, shed a further $¾ to $109⅞. Eastman Kodak at $68 gave up $2⅛.

The Dow transportation average fell away once more, with both rail and airline issues suffering losses.

UAL (United Airlines) slipped $¼ to $32⅞ while among the rail issues – still regarded as likely to suffer from the predicted slowdown in the U.S. economy – Chicago Milwaukee shed $3¾ to $111 and Burlington Northern, at $85¼, gave up $1⅞.

Of the aerospace issues, McDonnell Douglas continued to weaken despite the settlement of the protracted work stoppage, losing a further $¾ to $58½.

St Regis, the paper group, eased $1⅞ to $38⅛ after widespread reports that Sir James Goldsmith, the UK financier, had been the buyer of a large stake traded recently.

The oil sector continued to attract the takeover speculators.

At $44⅝, Gulf Oil was $2⅞ down as the board hastened to build bid defences after saying it had discovered a plan by Mr T. Boone Pickens to take over the company.

Texaco, at $39⅝, lost $⅞ as the market awaited confirmation that the takeover of Getty Oil would shortly gain Federal Trade Commission approval.

Both the corporate and municipal bond markets traded yesterday but, lacking a lead from the New York federal bond sector, quotations weakened marginally in thin trading.

The caution deepened when the U.S. Treasury bond futures contract for March delivery slipped to 89.27 on the Chicago exchange, seven basis points down on Friday's close in New York.

EUROPE

Investors crowd the sidelines

A CAUTIOUS start to the week was in evidence in most European bourses yesterday with shares narrowly mixed in generally quiet trading.

In **Frankfurt**, a Bank für Gemeinwirtschaft review of stock prospects quashed any long-term bullish sentiments and warned investors to expect West German shares to be more vulnerable to adverse economic news and fluctuations on Wall Street. A period of consolidation was to be expected.

Banks were mixed. Dresdner Bank trading was unaffected by a board resignation and finished 30 pfg firmer at DM 175. Commerzbank also rose, with a DM 2 gain to DM 182, but Deutsche Bank shed DM 1 to DM 378.

Motors saw Daimler-Benz rise DM 4 to DM 578 ex rights as BMW put on DM 3.50 to DM 422.50. Chemicals were slightly higher.

The Commerzbank index, calculated at mid-session, added 2.1 to 1,039.3.

Bonds were steady as the new Bundespost DM 1bn, 8¼ per cent issue was announced and the Bundesbank sold DM 6.7m of paper.

A directionless **Amsterdam** session had professionals packing the sidelines waiting for a trend to emerge. The ANP-CBS index nevertheless finished 0.7 higher at 159.4.

Insurer Amfas was a feature with a Fl 8.50 gain to Fl 175 as the group reached agreement with trade unions over the proposed takeover by Nat-Ned.

Bonds were anchored to Friday's levels.

Belgian and foreign shares finished steady in a quiet **Brussels** session. The market leader, Petrofina, secured a BFr 40 rise to BFr 8,800 in thin volume, while retail chain Delhaize advanced BFr 240 to BFr 5,280. Steels were mixed while chemicals, utilities and holding companies improved.

Milan also moved marginally higher pending final agreement on a reform of the country's wage indexation system and the implementation of an incomes policy.

In partial response to higher domestic car sales for January, Fiat added L20 to L4,040 and Banca Commerciale rose L1,100 to L37,100 following Friday's announcement of a large capital increase operation.

Bonds were neglected.

A firmer bias developed towards the end of the **Paris** session as some investors were heartened by the pre-weekend recovery on Wall Street.

Motor stocks steadied after early weakness generated by news that car registrations for January had fallen by 9 per cent. Although Peugeot increased its market share, it was rewarded with a FFr 1 fall to FFr 235.

Improved trading figures for l'Oréal for 1983 spurred a FFr 70 rise to FFr 2,220.

Banks in **Zurich** were discouraged by the restraint in Swiss Volksbank's dividend increase although Crédit Suisse moved against the trend with a SwFr 10 rise to SwFr 2,340. Volksbank closed SwFr 40 down at SwFr 1,490.

In industrials, trading in the secondary issue Monteforno was temporarily suspended after it sold its lossmaking U.S. subsidiary New Jersey Steel, but it returned to finish at SwFr 78, a gain of SwFr 8.

Engineerings, chemicals and foods closed stronger. Bonds lacked impetus.

Pulp and paper stocks in **Stockholm** performed well although the best increase for the day came from Sandvik, the special steel group, which rose SKr 21 to SKr 340 despite posting a record loss on Friday.

Heavy engineer Asea was unchanged at SKr 435 while Boliden, the metal and mining group, gained SKr 12 to SKr 420.

In **Oslo**, a 45 per cent boost in sales and after-tax profits for Norsk Hydro was reflected in a NKr 7.50 rise to NKr 560. Banks improved.

HONG KONG

SPECULATIVE buying in advance of tomorrow's government auction of a prime development site enabled shares to open firmer in Hong Kong, reversing the sharply lower trend of the previous two sessions.

However, profit-taking later by South-East Asian investors took prices off their highs.

Among the leaders, Cheung Kong rose 10 cents to HK$9.45, Hongkong Land 5 cents to HK$3.75 and Sun Hung Kai Properties 5 cents to HK$8.75. Swire Properties moved against the trend, shedding 5 cents to HK$6.20.

SINGAPORE

SECOND-LINE industrials were the only issues to find active demand in Singapore, and early gains in other sectors were pared by later profit-taking.

Perlis Plantations, the most active stock with 1.08m shares traded, closed 35 cents higher at S$5.85. Among other actives, Wearnes rose 2 cents to S$4.96 and General Lumber added 23 cents to S$2.93.

AUSTRALIA

NERVOUS domestic selling into a quiet market left Sydney lower on the day, despite some overseas support for major issues.

At the close, the All Ordinaries index was down 5 at 738.4.

Banks were among the larger losers, with National Australia Bank down 15 cents to A$3.45 and Westpac 5 cents to A$3.73.

LONDON

Caution turns to lethargy

EXTREME caution in the attitudes of institutional operators and smaller investors alike was the only clear development on the first day of a new equity trading account in London.

The lethargic mood was captured by the FT Industrial Ordinary index which was down marginally throughout the session because of dividend cuts by four of its constituents, and closed 2.4 lower at 803.

Renewed strength in engineering leader TI provided some colour despite the chairman's denial of any bid approaches, and it finished 12p up at 230p after touching 240p.

Gilts of all maturities edged higher although business was extremely light.

Details, Page 35; Share information service, Pages 36–37

TOKYO

Uncertainty proves the keynote

IN THE ABSENCE of any strong motivations, the Tokyo stock market remained depressed yesterday after falling below the 10,000 level on Friday, although sporadic buying was evident in speculative issues, *writes Shigeo Nishiwaki of Jiji Press.*

Leading blue chips remained out of favour and bank issues, which attracted buyers last week, retreated across the board.

The Nikkei-Dow Jones average was little changed at 9,963.16, up 3.25 from Friday's close, with 174.54m shares changing hands, the lowest since November 7 and down sharply from the 323.21m traded on Friday.

Lack of investment incentives was an obvious factor yesterday. Investors were generally uncertain about when Wall Street's decline would run its course and about the international outlook after the death of Mr Yuri Andropov, the Soviet leader. Moreover, investors were deeply concerned that margin debt continued to grow last week, running close to an all-time high.

In the face of bearish factors, many investors were thus worried about the market's prospects, though last week's selective buying of speculative issues, extremely high-priced stocks and bank issues had helped sustain turnover and prices at high levels.

Only a few speculative issues attracted buying interest. Japan Wool Textile benefited from reports that it had gained large hidden profits from its property holdings, rising Y20 to Y445. Gunze gained Y9 to Y523 and Niigata Engineering Y18 to Y258.

Matsushita Electric Industrial and Sony firmed Y10 and Y40 respectively, to Y1,790 and Y3,590, but Kyocera fell Y100 to Y10,000. Toyota Motor also eased Y20 to Y1,270.

Bank issues, which had surged on reports of large off-the-record profits from their stockholdings, pared some of the gains posted last week. Sumitomo Bank skidded Y20 to Y880, Fuji Bank Y13 to Y780, and most of the other city and regional banks lost ground. Tokyo Electric Power also slipped Y10 to Y1,380 and other electric power companies' stocks and gas issues also retreated.

The bond market changed little in the absence of any heavy buying by institutional investors. The yield on the benchmark 7.5 per cent long-term government bond, due January 1993, at 7.39 per cent remained unchanged from Friday.

SOUTH AFRICA

GOLD SHARES eased slightly in line with the bullion price in very thin Johannesburg trading, after failing to find any direction earlier.

Among heavyweights, Winkels shed R1 at R54 while Vaal Reefs was down R7.25 at R147.24, trading ex-dividend. Other mining and financial issues were little changed but diamonds weakened with De Beers falling 43 cents to R10.12.

Industrials were mixed to easier.

CANADA

LARGE LOSSES developed in Toronto golds, oils and base metals yesterday in a generally sombre assessment of resource issues.

Banks and industrials in Montreal suffered a similar setback while utilities encountered some support and the papers sector was the only area to show an advance.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19½	9⅞	AAR	.44	2.2	23	[illegible]	u19⅝	19⅛	19⅞	-½
52½	30¼	ACF	1.40	3.4	522	225	42½	41¼	41¾	-½
18⅞	14½	AMF	.50	3.9		180	15	14¼	14⅝	-⅛
31¼	20¼	AMR Cp			14	2900	31¼	29½	30¾	-¼
20⅞	16⅞	AMR	pf2.18	11		45	20	18½	19½	-¼
41½	24⅞	AMR	pf2.13	6.7		294	32	31⅞	31½	-1
26¾	23⅞	ANR	pf2.67	11		5	24⅞	24⅞	24⅞	
23⅝	20	ANR	pf2.12	10.		2	20⅞	20⅞	20⅞	-⅛
16¾	3¾	APL			17	28	11⅝	11⅝	11⅝	-¼
55¼	36½	ARA	2.08	4.4	10	91	47½	46¼	47	
77¾	50¼	ASA	3a	5.1		212	58⅞	58¼	58½	-¼
33¼	14⅞	AVX	s .32	1.4	23	97	22½	22	22¼	+⅛
53⅛	37¼	AbtLab	1	2.2	16	1412	44⅞	44½	44½	
30¼	23¼	AccoW	n .60	2.3	17	229	26½	26	26⅛	-⅛
27½	17⅞	AcmeC	.40	1.7		46	23⅞	23½	23⅝	-⅛
14⅛	9½	AcmeE	.32b	2.9	10	14	11⅝	11⅛	11⅛	-½
24⅞	8¾	AdmDg	.04	.3	10	28	13	12⅞	12¾	-⅛
18¼	15¼	AdaEx	2.11e	14		134	15⅞	15½	15⅝	-⅛
18¼	7½	AdmMl	.28	1.8	9	43	15⅞	16	16	-½
18⅞	8⅞	Advest	.12	1.3	4	51	9⅝	9½	9⅝	-¼
37½	15½	AMD	s		33	2990	26½	25⅞	26½	-⅛
24⅞	13⅛	Aeflex	s		10	197	13½	d13¼	13¼	-½
43¼	33½	AetnLf	2.64	7.5	9	1251	35⅛	d35⅛	35⅛	-⅛
65	55¼	AetL	pf5.09e	9.9		171	56⅞	56¼	56⅝	+⅛
40½	24	Ahmans	1.20	4.3	7	433	28	27⅞	27½	-⅛
7⅞	3	Aileen				103	4	3¾	3⅞	-¼
51	38¼	AirPrd	1	2.4	11	403	42⅞	41½	42⅛	-⅛
30⅞	19	AirbFrt	.60	2.7	18	116	21⅞	21¼	21⅞	+⅛
3	1⅞	AlMoa	s		26	120	3	2⅞	2⅞	-⅛
33½	29¼	AlaP	pfA3.92	13		1	30¼	30½	30½	
7⅞	6½	AlaP	dpf.87	12		75	7⅛	6⅞	7	

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هكذا صدر الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

Feb. 15	Price Knr %	+ or −
Aarhus Olie	415	.....
Andelsbanken	221	−9
Baltic Skand	655	−5
CopHandelsbank	288	−5
D. Sukkerfab	725	−25
Danske Bank	321	−6
East Asiatic	195	−3
Forenede Brygg.	1,200	...
Forenede Damp.	158	+3
GNT Hldg.	660	...
I.S.S.B.	605	..
Jyske Bank	653	
Novo Ind	2,680	−5
Privatbanken	508	−8
Provinsbanken	556	−8
Smidth (F.)	242	−8
Sophus Berend.	1,325	−20
Superfos	527	−15

FRANCE

Feb. 13	Price Frs.	+ or −
Emprunt 4½% 1973	1,290	−15
Emprunt 7% 1973	9,649	+4
CNE 3%	3,555	+5
Air Liquide	521	+7
BIC	470xc	+4
Bouygues	710	+12
BSN Gervais	2,535	+36
CIT-Alcatel	1,443	+16
Carrefour	2,549	−1
Club Mediter'n	760	....
CFAO	557	+4
Cie Bancaire	464	+5
Cofimeg	216.8	−1.3
Creusot Loire	50.5	−0.2
Darty	836	−10
Dumez S.A.	847	−1
Eaux (Cie Gen.)	520	−4
Elf-Aquitaine	219.9	+0.9
Gen. Occidentale	628	−11
Imetal	80.9	−1.6
Lafarge Coppee	319.5	+5
L'Oreal	2,220	+70
Legrand	2,160	−10
Maisons Phenix	005	....
Matra S.A.	2,035	......
Michelin B.	955	....
Midi (Cie)	1,405	+15
Moet Hennessy	1,341	+1
Moulinex	97	+1.9
Nord Est	52.2	+0.2
Pernod Ricard	717	−9
Perrier	523	+6
Petroles Fra.	207	+7.7
Peugeot S.A.	255	−1
Poclain	66.5	.....
Printemps Au.	144.5	−2.7
Radiotech	385	−7
Redoute	1,156	−16
Roussel-Uclaf	752	−18
Schneider S.A.	157.1	−2.9
Selimeg	260.4	+0.1
Skis Rossignol	1,540	−40
Telemech Elect.	1,560	+50
Thompson (CSF)	558	+8
Valeo	295	....

GERMANY

ITALY

AUSTRIA

BELGIUM/LUXEMBOURG

NETHERLANDS

Feb. 13	Price Fls	+ or −
ACF Holding	129	..
Aegon	128.5	−1.5
Ahold	218	−1
AKZO	105.1	−0.9
ABN	411	+1
AMEV	156.8	+1.2
AMRO	74	.. ..
Bredero Cert	196	..
Bos Kalis Westm.	47.7	−0.5
Buehrmann-Tet.	65.5	+0.5
Calland Hldgs.	37.2	+0.6
Credit Lyon'is Bk	60	+0.9
Elsevier-NDU	515	+5
Gist. Brocades	151	+1
Heineken	143	−1.5
Hoogovens	48.6	−1.2
Hunter Douglas	25	−1.2
Int Mueller	37	+0.4
KLM	175	−6.2
Naarden	41	+0.5
Nat Ned Cert	218.5	−2.4
Ned. Credit Bank	52.7	+0.7
Ned Mid Bank	172.5	+1.5
Nedlloyd	120.2	−0.1
Oce Grinten.	240	+2.5
Ommeren (Van)	51.4	+0.4
Pakhoed	67	..
Philips	42	−1.2
Rijn-Schelde	4.5	−0.5
Robeco	550	+1
Rodamco	132	+0.1
Rolinco	312.5	0.5
Rorento	202.1	−0.5
Royal Dutch	146.7	+0.7
Unilever	246	−0.5
VMF Stork	99	..
VNU	149	+2
West Utr Bank	127	+5

NORWAY

Feb. 13	Price Kroner	+ or −
Bergens Bank	158	+0.5
Borregaard	247.5	+5
Christiania Bk.	155	+1
Den Norsk Credit	163	+1
Elkem	156.5	+1
Norsk Data	268	+1
Norsk Hydro	560	+7.5
Storebrand	203	−0.5

SPAIN

Feb. 10	Price Pts %	+ or −
Bco Bilbao	262	+6
Bco Central	320	..
Bco Exterior	201	+2

SWEDEN

SWITZERLAND

AUSTRALIA

Feb. 13	Price Aust $	+ or −
ANZ Group	5.22xc	−0.02
Acrow Aust.	1.45	
Alliance Oil D.	0.21	+0.01
Ampol Pet.	1.7	
Aust Cons Ind.	1.76	−0.1
Aust. Guarant.	2.65	−0.1
Aust. Nat. Inds	2.6	
Aust. Paper	2.15	−0.02
Bell Group	5.2	−0.1
Bond Corp Hldgs	1.6	
Boral	3.2	−0.05
B'ville Copper	2.4	−0.1
Brambles Inds	3.1	−0.05
Bridge Oil	3.55	−0.05
BHP	13.4	−0.05
CRA	5.42	..
CSR	3.82	−0.04
Carlton Utd	3.22	
Castlemaine Tys.	4.27	−0.05
Coles (G.J.)	3.68	−0.05
Comalco "A"	5.1	
Consolidated Pet	0.9	−0.02
Costain Aust.	1.5	...
Dunlop Aust.	1.5	..
E.Z. Inds.	5.6	.....
Elders IXL	4.5	
Energy Res.	1.82	−0.01
Gen Prop Trust	2.04	−0.12
Hardie (J.)	5.45	−0.05
Hartogen Energy	2.7	
HeraldW'y Times	5.1	−0.05
ICI Aust	2.12	−0.03
Jimb'lana 50cFP	0.55	−0.01
Kiaora Gold	0.17	
Lend Lease	4.8	+0.05
MIM	5.31	−0.02
Mayne Nickless	2.6	..
Meekatharra	0.9	..
Myer Emp.	1.98	
Nat. Com. Bk.	3.45	−0.15
News	10.6	−0.1
Nicholas Kiwi	5.1	−0.05
North Bkn Hill	2.85	−0.1
Oakbridge	1.00	+0.01
Otter Expl	0.5	
Pancont'l	1.12	−0.11
Pioneer Conc	1.62	−0.03
Reckitt & Coln	2.75	
Repco	1.3	+0.02
Santos	7.56	..
Smith (H.)	4.05	−0.05
Southland Min'g.	0.3	....
Sparges Expl	0.42	−0.01
Thos. Natwide	2.08	−0.02
Tooth	5.1	+0.2
UMAL Cons	3.55	−0.05
Vamgas	3.25	+0.05
Western Mining	4.05	−0.1
Westpac	3.75	−0.05
Woodside Petrol.	0.99	..
Woolworths	2.5	−0.05
Wormald Intl.	3.15	−0.05

HONG KONG

JAPAN (continued)

Feb. 15	Price Yen	+ or −
Konishiroku	670	
Kubota	322	−5
Kumagai	446	....
Kyoto Ceramic	10,030	−100
Maeda Const	495	−3
Makino Milling	1,500	−10
Makita	1,240	−10
Marubeni	271	+1
Marudai	651	−1
Marui	1,130	−50
MEI	1,790	+10
M'ta Elec Works	860	−9
M'bishi Bank	766	−10
M'bishi Corp.	525	..
M'bishi Elec	395	
M'bishi Estate	458	−2
MHI	251	−1
Mitsui Co	539	−3
Mitsui Estate	685	−5
Mitsukoshi	369	−5
NGK Insulators	651	−1
Nihon Cement	225	−5
Nippon Denso	1,450	−50
Nippon Elect	1,400	
Nippon Express	289	−2
Nippon Gakki	639	−9
Nippon Kokan	140	...
Nippon Oil	1,010	−10
Nippon Seiko	565	−5
Nippon Shimpan	721	−1
Nippon Steel	165	.. ..
Nippon Suisan	517	
NTV	10,000	−860
Nippon Yusen	244	
Nissan Motor	707	−7
Nisshin Flour	447	..
Nisshin Steel	195	−1
Nomura	741	−9
Olympus	1,020	
Omron Tateisi	1,990	...
Orient Leasing	2,900	..
Pioneer	5,170	−110
Renown	636	−10
Ricoh	1,010	
Sankyo	670	−1
Sanyo Elect.	522	−7
Sapporo	595	−5
Sekisui Prefab	565	
Seven-Eleven	7,700	−40
Sharp	1,250	−20
Shimadzu	555	−5
Shionogi	730	−6
Shiseido	995	−5
Sony	3,590	−40
Stanley	760	+25
S'tomo Elect	840	−25
S'tomo Marine	310	−5
S'tomo Metal	257	−2
Teihei Dengyo	540	...
Taisei Corp	217	..
Taisho Pharm.	945	−4
Takeda	720	−5
TDK	6,530	−50
Teijin	355	−9
Teikoku Oil	690	−1
Tokyo Marine	545	−4
TBS	727	−5
Tokyo Elect Pwr.	1,580	−10
Tokyo Gas	121	−6
Tokyo Sanyo	655	−4
Tokyo Style	965	−14

SINGAPORE

SOUTH AFRICA

OVER-THE-COUNTER Nasdaq National Market closing prices

Continued on Page 42

Indices

NEW YORK—DOW JONES

	Feb 13	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1156.13	1160.7	1152.74	1156.3	1188.45	1174.31	1286.64 (6/1)	1152.74 (9/2)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	507.81	514.55	512.82	511.66	528.72	527.66	612.63 (6/1)	511.66 (8/2)	612.63 (6/1/84)	12.23 (8/1/32)
Utilities	125.63	127.17	129.09	130.44	130.97	131.26	134.83 (6/1)	127.17 (10/2)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's†	7846	–	26190	9890	7640	9086	–	–	–	–

	Feb 10	Feb 3	Jan 27	(Year Ago Approx)
Ind div yield %	4.71	4.55	4.43	4.85

STANDARD AND POORS

	Feb 13	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	174.18	175.82	174.58	175.81	178.39	177.48	190.64 (6/1)	174.58 (9/2)	193.22 (27/6/83)	3.52 (30/6/32)
Composite	154.95	156.3	155.42	155.85	158.74	158.08	169.28 (6/1)	155.42 (9/2)	170.99 (22/6/83)	4.4 (1/6/32)

	Feb 8	Feb 1	Jan 25	Year Ago (Approx)
Ind div yield %	4.62	3.85	3.75	4.38
Ind. P/E Ratio	12.64	13.28	13.49	11.35
Long Gov Bond Yield	11.62	11.57	11.54	11.09

N.Y.S.E. ALL COMMON

Feb 13	Feb 10	Feb 9	Feb 8	1983-84 High	1983-84 Low
–	–	–	–	442.62 (5/5)	78.79 (24/1)

RISES AND FALLS

	Feb 13	Feb 10	Feb 9
Issues traded	1026	2004	1013
Rises	413	983	490
Falls	239	738	137
Unchanged	374	391	386

MONTREAL

	Feb 13	Feb 10	Feb 9	Feb 8	1983-84 High	1983-84 Low
Industrials	415.44	428.3	417.09	417.46	451.46 (6/1)	417.09 (9/2)
Combined	408.82	409.99	402.13	402.67	433.87 (6/1)	402.13 (9/2)
TORONTO Composite	–	–	–	–	2585.7 (6/1)	2408.0 (30/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Feb. 13	Feb. 10	Feb. 9	Feb. 8	1983-84 High	1983-84 Low
AUSTRALIA All Ord. (1/1/80)	738.6	748.4	747.8	748.2	787.9 (9/1/84)	481.8 (4/1/83)
Metals & Minls. (1/1/80)	512.4	518.5	523.2	521.8	614.2 (5/9)	411.8 (4/1/83)
AUSTRIA Credit Aktien (2/1/62)	55.40	55.55	55.58	55.80	59.6 (5/5)	48.48 (15/2/83)
BELGIUM Belgian SE (31/12/63)	141.61	140.80	140.71	142.58	148.28 (1/2/84)	100.80 (4/1/83)
DENMARK Copenhagen SE (3/1/83)	(u)	211.72	215.18	214.84	225.21 (20/1/84)	180.80 (3/1/83)
FRANCE CAC General (31/12/82)	(u)	165.60	165.2	165.9	175.1 (25/1/84)	96.1 (6/1/83)
Ind Tendance (30/12/83)	107.3	108.80	108.1	107.8	114.7 (25/1/84)	98.4 (6/1/84)

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

NEW YORK CLOSING PRICES

Continued from Page 33

MARKET REPORT

Confidence remains shaken by recent Wall St events but TI again resist strongly

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 30	Feb 9	Feb 10	Feb 20
Feb 13	Feb 23	Feb 24	Mar 6
Feb 27	Mar 8	Mar 9	Mar 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Extreme caution in the attitude of institutional operators and smaller investors alike was evident on the first day of a new equity trading Account in London. Most leading shares pursued a steady enough course and a few even managed to edge firmer, bot there was no denying the market's underlying sensitivity to events across the Atlantic.

The loss of confidence suffered last week through Wall Street's setback was clearly apparent again yesterday. One leading dealer described the situation as "a market currently obsessed with ignoring good domestic pointers and over-reacting to the whims of U.S. investors." The London market's negative responsa to January's fall in the UK rate of inflation was considered the latest example.

Equity interest was also inhibited by tha approaching Budget, but speculativa activity and the customary crop of features in response to weekend Press comment provided some colour. The overall lethargic scene was captured by the FT Industrial Ordinary share index. Down marginally throughont the session because of the dividend dednctions of four constituents, which accounted for three points, the index closed *2.4 lower at 803.0.*

Renewed strength in Engineering laader TI added 1½ points to the index. Despite the chairman's denial early yesterday of any bid approaches and knowledge of stake build-ups, speculation continued of impending developments and TI raced np to 240p before closing 12 up on tha day at 230p. Yesterday marked the introduction of the broaderbased FTSE 100-share index which ended 0.3 up at 1,018.3.

British Funds were unaffected by U.S. bond market indications and influenced again by tha trend of London futures. The latter were firmer again and Gilts of all maturities edged higher although business was extremely light. The latest £450m call on partly-paid Treasury 10 per cent Convertible 1990 was no doubt a restricting factor. Against the trend, index-linked Gilts softened throughout the list.

Phoenix wanted

Phoenix dominated proceedings in Insurances, soaring to 490p before closing a net 30 higher on balance at 480p following a resurgence of speculative hopes of a hid from Allianz; Continental Corporation of the U.S. is currently the holdar of a 24 per cent stake in Phoenix. Other Composites edged forward in sympathy. Royals put on 5 to 520p and Commercial Union rose 3 to 176p; the latter's preliminary results are due on February 28.

Budget tax fears continued to deter support for the major clearers. Lloyds drifted 9 lower to 534p and NatWest relinquished 5 to 715p. Elsewhere, merchant banks edged higher in places with Hambros notable for a gain of 5 to 153p.

John Kent, the menswear retailers floated off by Amber Day as part of the company's reorganisation, staged a successful debut in the Unlisted Securities Market; the shares, placed at 35p, opened at 39½p and touched 40p settling at 39p. Following the reconstruction dealings resumed in Aberfoyle Plantations at 14½p and in lively trading the price touched 16p before closing at 15½p, compared with the suspension price of 7p.

Breweries were inclined harder in places. Bass picked up 2 to 302p, while Scottish and Newcastle, with the help of Press comment, hardened a fraction to 102p. Elsewhere, Distillers put on a couple of pence to 265p and H. P. Bulmer advanced 7 at 207p.

Leading Buildings were often a few pence easier. Buyers stayed on the sidelines and London Brick slipped 4 to 151p awaiting bid developments; Hanson Trust announced late in the evening a further increased offer of 165p per share cash or 175p nominal of a new 8 per cent convertible loan stock 2004-09. Fellow brick concern Ibstock Johnsen, a dull market recently, rallied 3 to 179p following a squeeze on bear positions. RMC remained out of favour and shed 5 to 410p, while Redland softened a couple of pence to 276p. BPB Industries eased 6 to 267p. Elsewhere, revived support left Bryant Holdings 3 dearer at 64p and Ruberoid 5 higher at 260p. Ward Holdings hardened 2 to 77p; the preliminary results are due on February 23.

Chemicals fluctuated narrowly and closed with small irregular movements. Laporte eased 3 to 360p, but Yorkshire added 2 to 55p. Hence Cory attracted revived speculative support and gained a penny at 33½p, but Brent slipped to 84p before picking up to close without alteration at 86p. ICI, shade firmer initially, eased back to close a couple of pence cheaper on the session at 588p.

Sumrie jump

Numerous good features emerged among secondary Stores. Excited by Hard Rock Cafe's acquisition of a 5 per cent stake in the company, speculators pushed Sumrie 18 higher to 134p. Rumoured "shell" operation, Rivlin, gained 6 afresh to 76p, while speculative buying lifted Martin Ford 3 to 28p and Peters 4 to 90p. Hopes of early news of the H. Samuel bid discussions helped James Walker put on 6 to 148p and the non-voting 8 to 116p. French Connection rose 10 to 177p in response to Press comment. Selincourt hardened a penny to 13½p and Ladies Pride improved 2½ to 52p. Against the trend, Grattan cheapened 4 to 78p on the absence of the widely-rumoured bid developments. Among the leaders, House of Fraser revived with a speculative rise of 4 to 268p, after 270p, while Woolworth hardened 2 to 355p following Press comment.

Down 65 last week, Stylo plummeted 20 more to 250p on continning faars that Harris Queensway's 325p per share cash bid is doomed to failure.

Leading Electricals were inclined easiar, falls of 2 heing marked against GEC, 180p, Plessey, 204p, and Racal, 192p. Elsewhere, Electro-Protactive featured with a rise of 18 to 160p on hopes of a merger with Hawley Gronp, which put on 6 to 95p. Weekend Press mention stimulated buying interest in International Signal, 9 to the good at 200p, but comment on the hid situation prompted a reaction of 5 to 62p in Michael Black. Oxford Instruments edged higher to 315p, up 7, while similar improvements were recorded in Suter, 117p, and Pressac, 207p. Demand in a limited market left Micro Focus 40 up at 620p.

Apart from the fresh activity in TI, leading engineers traded quiatly. Secondary issues, in contrast, met with selective buying interest. Manganese Bronze advanced 8 to 42p in response to good interim figures, whila satisfactory preliminary results prompted a gain of 4 to 59p in Habit Precision. Porter Chadburn, still benefiting from the GM Firth bid approach advanced 7 more to 102p. A weekend Press suggestion of a possible consortium bid left RHP up 2 more at 49p. Newspaper comment was also responsible for a rise of 9 to 110p in Carclo. AI Industrial Products improved 3½ to 17p; it was announced yesterday that J. Briggs, director and chairman, has purchased in the nama of his privata company 100,000 ordinary shares in AI. Other smaller-priced issues to maka beadway included Cronite, 1½p up at 14½p, and Benjamin Priest, 2 firmar at 23p.

Noteworthy movements in Foods were few and confined to secondary issues. Bio-Isolates firmed 5 to 155p awaiting today's preliminary statament, whila Dee Corporation advanced 13 to 445p following Press comment.

Hotels and Catarers ware distinctly firm. Grand Metropolitan and Trusthouse Forte were both quoted ex-dividend; tha formed firmed 4½ to 347p, whila the latter bardened 2 to 200p. Ladbroke, subject of considerable speculativa activity recently on takeover rumours, bardened a penny to 240p. Elsewhere, Norfolk Capital gained 4 to 50p on naws that Stakis had acquired a 6.63 per cent stake in tha company; Kennedy Brookes recently purchased a similar sized stake. Dealings in Prince of Wales Hotels were suspended at the company's request pending an announcement; last Thursday, Teddale Hotels Europe launched a 130p per share cash hid for the company and the former's EGM to decide whether to sanction a rights issue proposal is scheduled for noon today.

Dalgety improve

Movements in the miscellaneous industrial leaders ware usually limited to a few pence either way after a relatively quiat trading session. *Buyers*, however, showed interest in Pilkington Bros., which put on 10 to 260p. Elsewhere, Dalgety responded to bettar-than-expected interim results with a rise of 10 to 456p. Week-end Press commant stimulated fresh demand for Polly Peck, up 13 at 310p, while Wearwell improved 7 to 114p and Cornell 3 to 293p. Reflecting tha good annual results, Manchestar Ship Canal touched 183p hafore settling 8 higher on balance at 178p. News of the planned consortium hid left Prestige Group 15 higher at 260p. Press commant directed buying attention towards UKO, 15 to the good at 143p, and Copydex, a similar amount higher at 156p. Diamond Stylus responded to revived speculative buying with a gain of 2 to 36p, after 39p. Other good spots included Cosalt 6 up at 61p, and Chubb, 5 dearer at 154p.

Among Leisura issues, GRA Group found support and firmed 3 to 50½p, whilo Barr and Wallace Arnold Trust A revived with a gain of 6 to 90p. Aspinall hardened 3 to 145p and Zetters improvod a couplo of pence to 90p, the latter following Press mention. On the other hand, Herrburger Brooks shed 2 to 36p despite the increased interim profits, while Management Agency and Music lost 3 to 110p.

Continuing to reflect takeover hopes, H. and J. Quick rose 5 more to 80p. Elsewhere in Motors, Abbey Panels added the same amount at 72p, while Lucas Industries firmed a few pence to 215p. Aerospace Engineerings, on the other hand, fell 5 more to 45p, still on furthar consideration of tho poor interim figures.

Printing ink and roller manufacturer, Usher Walker, highlighted Paper/Printings by rising 22 to 165p, after 170p, on a week-end Press suggestion that Manders, currently the holder of a 9 per cent stake in the company, would soon launch a full-scale bid. Elsewhere, DRG hardened 2 to 120p, also with the help of newspaper mention.

Leading Properties made a quietly firm showing. Land Securities added 4 to 253p and MEPC improved 5 to 255p. Stock Conversion also firmed 5, to 308p xd, as did Hammerson A, to 780p. Secondary issues attracted selective interest. Espley-Tyas put on 5 to 83p and Stockley gained 6 to 70p, the latter following an investment recommendation. Press comment stimulated a relatively lively business in Dares Estates which hardened ½ to 21½p, while the return to profitability at the half-way stage helped County Properties to improve a couple of pence at 60p. Brixton Estate, not British Land, as inadvertently stated here on Saturday, has placed £15m of First Mortgage Debenture Stock 2023 following the £8.5m purchase of the freehold interest in Argent House, Finsbury Square, London.

Interest was at a low level in Textiles. Courtaulds edged forward a penny to 137p, while Nottingham Manufacturing, currently engaged in a battle for control of F. Miller, softened 2 to 222p after reporting annual results in line with market expectations. Harold Ingram receded 5 at 400p.

In mixed Tobaccos, Bats hardened 2 to 182p after Press comment but Imps eased that much to 150p xd.

Oils below best

Leading oils opened on a firm note, reflecting fears of another escalation in the Iran/Iraq conflict, but subsequently came off the best levels in the face of profit-taking and the easier opening trend on Wall Street. Shell touched 613p prior to closing a net 10 to the good at 610p, while LASMO, awaiting news from the Tiffany appraisal well, ended a similar amount higher at 315p, after 318p. BP were finally a net 4 firmer at 422p, after 428p and Burmah 3 up at 183p. Ultramar moved ahead to close 8 better at 648p. Recently-*firm* Britoil hardened to 238p, but subsequently encountered persistent profit-taking and closed 3 off on balance at 230p.

In the second-line issues, Piet Petroleum gave up 5 to 150p, after touching 160p, in the wake of the disappointing drilling results from the North Sea appraisal well 15/21A-9. Irish exploration stocks shrugged off speculation that Atlantic Resources may have to raise funds to finance further *drilling* off the Irish coast. Atlantic settled 20 higher at 560p. Eglinton were a like amount to the good at 380p and Aran 4 firmer at 73p.

Australian oils provided a firm feature in Brunswick Oil which attracted renewed speculative interest and rose 2½ to a year's best of 28p; last Monday week the shares were changing hands around the 20p level.

Further Press comment in the wake of the excellent preliminary results helped Lonrho improve 2 more to 138p. Among other Overseas Traders, Mitchell Cotts reflected bid hopes with a rise of 5 to 59p.

Golds down again

Mining markets began the new account in subdued fashion. South African Golds were extremely *quiet* and gave ground for the third successive trading day as marginally easier bullion price encouraged persistent small selling from Johannesburg.

Consequently prices drifted back until the after-hours trade when modest U.S. support took quotations a fraction above the day's lowest levels. The Gold Mines index dropped 5.4 to 599.9 while bullion closed a net $1.25 off at $377.25 an ounce. The index was additionally depressed by six of its constituents going "ex" the January dividends.

Among the heavyweights losses ranged to a point, as in President Brand, £27½, while Western Holdings fell ½ at £31½ and Buffels ½ at £38½. Movements in the cheaper priced issues were minimal.

Financials provided a feature in De Beers which fell sharply to close 24 down at 571p following persistent and often sizeable selling from the Cape; the company's full-year figures are expected around March 13. Rand London Corporation moved against the overall trend in South Africans and rose 5 to 22p owing to speculative buying.

London Financials made progress at the outset but interest soon petered out to leave Gold Fields and RTZ virtually unchanged on balance at 553p and 643p respectively. Charter were an exception and retained an initial gain of 5 to close at 233p.

In Platinums, Impala eased 5 to 925p in front of the sharply higher interim profits and increased dividend.

Recently weak Australians lost further ground, albeit in exceptionally thin trading, reflecting the setback on overnight domestic markets and the lack of progress by metal prices.

The leaders showed North Broken Hill 9 cheaper at 185p, Western Mining 7 lower at 264p and Pancontinental 6 off at 74p.

Elsewhere Centennial Minerals jumped 28 to 330p in response to speculative buying.

The quietest day of the year so far in the Traded Option market saw only 1,843 deals completed compared with last Friday's total of 4,603. Over a third of the overall business was transacted in Lonrho where 417 calls and 206 puts were arranged.

FINANCIAL TIMES STOCK INDICES

	Feb. 13	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Year ago
Government Secs	83.50	83.48	83.57	83.57	83.56	83.72	78.21
Fixed Interest	86.81	87.15	87.15	87.15	87.23	87.89	80.8
Industrial Ord.	803.0	805.4	801.5	805.0	799.7	813.5	660.7
Gold Mines	599.9	605.3	598.5	604.7	663.7	678.3	713.5
Ord. Div. Yield	4.52	4.51	4.51	4.49	4.51	4.45	4.66
Earnings, Yld.% (full)	8.54	8.51	8.48	8.45	8.51	8.34	8.92
P/E Ratio (net) (*)	12.84	12.87	12.88	12.94	12.85	13.10	12.06
Total bargains	25,278	24,151	25,615	24,236	24,007	25,676	25,128
Equity turnover £m.	—	396.38	394.75	29,159	327.45	258.10	196.91
Equity bargains	—	20,236	20,099	19,732	27,787	25,362	26,056
Shares traded (mil)	—	189.1	167.0	147.4	178.8	155.0	159.2

10 am 803.0. 11 am 804.4. Noon 803.7. 1 pm 804.2. 2 pm 804.4. 3 pm 803.7.

Basis 100 Govt. Secs. 8/1/56. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=12.05.

HIGHS AND LOWS | S.E. ACTIVITY

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low		Feb. 10	Feb. 9
Govt. Secs.	85.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	138.8	147.9
Fixed Int.	87.47 (30/1/84)	78.03 (11/2/83)	150.4 (28/11/47)	50.53 (31/1/75)	Equities Bargains	133.3	130.2
					Value	917.2	526.7
Ind. Ord.	840.5 (25/1/84)	598.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	156.4	162.5
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	45.5 (28/10/71)	Equities Bargains	138.8	138.9
					Value	604.8	605.1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	81	16	27
Corpns. Dom. and Foreign Bonds	7	6	65
Industrials	378	226	809
Financial and Props.	107	78	340
Oils	44	18	59
Plantations	4	4	12
Mines	32	65	74
Others	60	39	70
Totals	693	451	1,456

Smith's Dock wins £4m barge order

SMITH'S DOCK, at South Bank, Middlesbrough, a subsidiary of British Shipbuilders, has won an order worth nearly £4m from Cleanaway, the country's largest waste management group, to supply 41 barges.

Of these, 28 will be assembled on the Tees by Smith's Dock and 13 on the Thames by Blackwall Engineering from steel prepared by Smith's Dock. They are purpose-designed and built to carry domestic refuse.

They form part of a multi-million-pound 10-year contract placed by the Greater London Council with Cleanaway, a GKN-Brambles enterprise based in Essex.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 13 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Feb 10 Index No.	Thur Feb 9 Index No.	Wed Feb 8 Index No.	Tue Feb 7 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (205)	[illegible]									
2 Building Materials (25)	[illegible]									
3 Contracting, Construction (32)	[illegible]									
4 Electricals (15)	[illegible]									
5 Electronics (34)	[illegible]									
6 Mechanical Engineering (64)	[illegible]									
8 Metals and Metal Forming (9)	[illegible]									
9 Motors (17)	[illegible]									
10 Other Industrial Materials (19)	[illegible]									
21 CONSUMER GROUP (196)	[illegible]									
22 Brewers and Distillers (23)	[illegible]									
25 Food Manufacturing (22)	[illegible]									
26 Food Retailing (12)	[illegible]									
27 Health and Household Products (9)	[illegible]									
29 Leisure (23)	[illegible]									
32 Newspapers, Publishing (15)	[illegible]									
33 Packaging and Paper (15)	[illegible]									
34 Stores (47)	[illegible]									
35 Textiles (19)	[illegible]									
36 Tobaccos (3)	[illegible]									
39 Other Consumer (8)	[illegible]									
41 OTHER GROUPS (85)	[illegible]									
42 Chemicals (16)	[illegible]									
44 Office Equipment (5)	[illegible]									
45 Shipping and Transport (14)	[illegible]									
46 Miscellaneous (48)	[illegible]									
49 INDUSTRIAL GROUP (484)	[illegible]									
51 Oils (16)	[illegible]									
59 500 SHARE INDEX	[illegible]									
61 FINANCIAL GROUP (121)	[illegible]									
62 Banks (6)	[illegible]									
63 Discount Houses (8)	[illegible]									
65 Insurance (Life) (9)	[illegible]									
66 Insurance (Composite) (9)	[illegible]									
67 Insurance Brokers (6)	[illegible]									
68 Merchant Banks (12)	[illegible]									
69 Property (53)	[illegible]									
70 Other Financial (18)	[illegible]									
71 Investment Trusts (107)	[illegible]									
81 Mining Finance (4)	[illegible]									
91 Overseas Traders (15)	[illegible]									
99 ALL-SHARE INDEX (747)	[illegible]									

FIXED INTEREST

PRICE INDICES	Mon Feb 13	Day's change %	Fri Feb 10	xd adj. today	xd adj. 1984 to date
British Government 1 5 years	[illegible]				
2 5-15 years	[illegible]				
3 Over 15 years	[illegible]				
4 Irredeemables	[illegible]				
5 All stocks	[illegible]				
6 Debentures and Loans	[illegible]				
7 Preference	[illegible]				

AVERAGE GROSS REDEMPTION YIELDS	Mon Feb 13	Fri Feb 10	Year ago (approx)
British Government 1 Low 5 years	[illegible]		
2 Coupons 15 years	[illegible]		
3 25 years	[illegible]		
4 Medium 5 years	[illegible]		
5 Coupons 15 years	[illegible]		
6 25 years	[illegible]		
7 High 5 years	[illegible]		
8 Coupons 15 years	[illegible]		
9 25 years	[illegible]		
10 Irredeemables	[illegible]		
11 Debs & Loans 5 years	[illegible]		
12 15 years	[illegible]		
13 25 years	[illegible]		
14 Preference	[illegible]		

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ■ Allotment letters (or fully-paid). ♣ Unlisted Securities Market. ‡ Placing price.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	June 11
Mar 5	Mar 16	June 14	June 25

For rate indications see end of Share Information Service

Stocks to attract money for the call included Ladbroke, Atlantic Resources, RHP, Stylo, D. Macpherson, J. E. England, Claremont Petroleum, A. C. Stanley, Trident TV, Amalgamated Estates, London Investment Trust, Suter, Phoenix Assurance, Beecham, UKO International, Armour Trust, Piet Petroleum, Comtech, C. H. Bailey, Holt Lloyd, Bula Resources and Gestetner A. Mellins were dealt in for the put, while a double was transacted in Minster Assets.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (62)

[illegible]

NEW LOWS (13)

[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aberfoyle Plants	[illegible]	[illegible]
BP	422	+4
Electro-Protective	160	+18
Hawley	95	+6
LASMO	315	+10
Manganese Bronze	42	+8
Phoenix Assce	480	+30
Shell Transport	610	+10
Stylo	250	−20
Sumrie Clothes	134	+18
TI	230	+12

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
UKO Int'l	[illegible]	[illegible]	[illegible]
Stylo	[illegible]	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]	[illegible]
Piet Petroleum	[illegible]	[illegible]	[illegible]
Strong & Fisher	[illegible]	[illegible]	[illegible]
Ingram (H.)	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]
Ch'lain Phipps	[illegible]	[illegible]	[illegible]
Selgrave (B'gh)	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]
Invent Energy	[illegible]	[illegible]	[illegible]
TI	[illegible]	[illegible]	[illegible]
Polly Peck	[illegible]	[illegible]	[illegible]
Phoenix Assce	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 21,354

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*483) 500	40	47	—	7	[illegible]	[illegible]
480	26	50	40	97	[illegible]	[illegible]
460	6	19	18	60	[illegible]	[illegible]
[illegible]						

Feb. 13. Total Contracts 1,843 Calls 1,172 Puts 671.

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	1983-84 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104⅛	100⅜	Exchequer 14pc 1984	101⅛	–1/32	13.84	9.49
96	92½	Exch. 3pc 1984	93	......	2.06	0.91
102	[illegible]	Treasury 12pc 1984	101¼	......	11.84	9.52
107	104	Treasury 15pc 1985	105 xd	–⅛	14.28	9.67
107	101	Exch. 12pc Cnv. '85	102⅝	+	11.69	9.42
94⅝	89⅝	Treasury 3pc 1985	94⅝	+	3.18	7.73
102½	99⅝	Treasury 11½pc 1985	102	......	11.24	9.69
102	95	Treas 8½pc Cnv '85	99	+	8.62	9.32
103¼	100⅛	Exch. 12¼pc 1985	103⅛	......	11.85	10.06
102	99	Exch. 11¼pc '86	102 xd	......	11.43	10.18
102¼	97¼	Treas 10pc Cnv 1986	100	......	9.96	9.74
89⅝	85⅝	Treasury 3pc 1986	89	......	2.36	8.21
101	97	Exch. 10½pc Cv '86	100¼	–	10.42	10.09
103	100	Treasury 12pc '86	103	+	11.65	10.47
98¼	94⅝	Treasury 8¾pc '84-86‡‡	98	+	8.66	9.35
109	105	Exch. 14pc 1986	107	+	13.02	10.66
86¼	84½	Exch 2½pc 1986	86¼	+	2.90	8.13
107⅝	103⅝	Exch. 13¼pc 1987	106¼	......	12.47	10.69
100	95⅞	Treas 10¼pc Cnv '87	99 xd	......	10.31	10.46
85¼	80¼	Exchequer 2½pc 1987	85¼ xd	+	2.92	7.88
100	95⅞	Exch. 10½pc 1987	99⅜	......	10.57	10.72
93¼	88¼	Funding 6½pc '85-87‡‡	92	+	7.06	9.41
98	96	Treas 10pc 1987	98	......	10.20	10.67
86	80¼	Treasury 3pc 1987	84⅝	+	3.56	8.55
104⅝	99⅞	Treas 12pc 1987	103¼	......	11.62	10.88
159	85	Treasury 7¾pc '85-88‡‡	94⅝	......	8.23	9.58
101½	95½	Exch 10½pc '88	99⅛	......	10.60	10.75
[illegible]	[illegible]	Treas 9½pc Conv '88	[illegible]	......	10.06	10.62

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17	.....	—	—	—
52	28	♥Allstate Expl. NL	32	.....	—	—	—
10½	3¾	♥Asia Oil & Mins.	4½	−⅛	—	—	—
40	9	♥Australis Mng. NL	23	−1	—	—	—
33	11	♥Balmoral Res.	29	+1	—	—	—
60	29	♥Black Hill Mins.	32	−1	—	—	—
104	51	♥Bond Corp.	104	.....	010c	0.7	6.5
183	116	♥Bougainville Kina	158	−2	[illegible]	1.3	1.3
396	204	♥CRA $2	356	.....	[illegible]	—	0.6
145	60	♥Carr Boyd 20c	76	−2	—	—	—
44	25	♥Central Kalgoorlie	36	.....	—	—	—
43	10	♥Central Pacific	21½	+½	—	—	—
9	2¾	♥Cons. Gold Mng. Areas	5¾	.....	—	—	—
17	5	♥Coopers Res. N.L.	7½	.....	—	—	—
255	183	♥Crusader Oil	220	+20	—	—	—
28½	8	♥Cultus Pac. NL	19	+½	—	—	—
19	7	♥Eagle Corp. 10c	10¼	.....	—	—	—
224	96	♥Emperor Mines	222	−2	—	—	—

Tins

Miscellaneous

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	18	Admiral Mines	20	.....	—	—	—
90	34	♥Anglo-Dominion	68	.....	—	—	—
93	48	♥Anglo Utd. Dev.	52	+2	—	—	—
400	180	♥Centenary Minerals	390	+28	—	—	—
175	60	♥Colby Res. Corp.	155	.....	—	—	—
050	315	Cons. Murch. 10c.	010	.....	100c	◆	7.2
£17⅛	£10⅝	Eastern Trans Cons 50c	£26½	−¼	Q85c	4.9	2.6
240	170	Hampton Areas 10p	220	.....	3.75	2.1	2.3
215	103	♥Highwood Res.	190	.....	—	—	—
£24½	£17½	Homestake Mining $1	£21	+⅛	Q20c	—	0.7
495	275	Northgate C$1	295	−5	—	—	—
687	437	R.T.Z.	643	.....	17.0	2.9	3.8
£148½	£108	Do. 9½% Cv. Ln. 95-2000	£142	+1½	Q9½%	32.5	6.7
190	13	♥Sabina Inds C$1	85	.....	—	—	—
£11¼	912	♥Tara Exptn. $1	£10¼	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	76	.....	Fin. 13% 97/02	£97½	.....
Craig & Rose £1	900	.....	Alliance Gas	85	.....
Finlay Pkg. 5p	46	.....	Arnott	217	.....
Higsons Brew	82	.....	CPI Hldgs.	92	.....
Holt (Jos) 25p	890	.....	Carroll Inds.	120	.....
I.O.M. Stm. £1	122	−3	Hall (R. & H.)	63	+1
			Heiton Hldgs.	25	.....
			Irish Ropes	58	.....
IRISH			Jacob (W. & R.)	67	+1
Exch. 12% 1985	£99	.....	T M G	70	.....
Hal 9¼% 84/89	£86½	.....	Unidare	77	.....

For Bridgewater see Property

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	58	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	17
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	17		
Brown (J.)	3	Mrks. & Spncr.	20	**Oils**	
Burton Ord.	38	Midland Bank	42		
Cadburys	11	N.E.I.	10	Bristol Oil & Min.	6
Courtaulds	11	Nat. West. Bank	35	Brit. Petroleum	35
Debenhams	14	P & O Dfd.	22	Burmah Oil	16
Distillers	20	Plessey	28	Charterhall	8
Dunlop	5	Racal Elect.	35	Premier	5
Eagle Star	60	R.H.M.	7	Shell	50
F.N.F.C.	6½	Rank Org. Ord.	19	Tricentrol	20
Gen. Accident	42	Reed Intnl.	34	Ultramar	60
Gen. Electric	17	Sears	4		
Glaxo	75	T.I.	14	**Mines**	
Grand Met.	30	Tesco	16		
G.U.S. 'A'	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G.K.N.	16	Turner & Newall	4	Lonrho	8
Hawker Sidd.	32	Unilever	75	Rio T. Zinc	50

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1835

High Income				
Gilts & Fixed Int.	118.8	124.9	+0.1	9.61
High Inc Equity	57.8	62.2xd	+0.1	6.87
Capital Growth				
American Growth	94.6	101.7	+0.4	1.67
Assets & Ernngs. Tt.	55.1	59.4	+0.4	3.09
Capital Reserve	51.9	52.2	.....	0.80
Commodity & Engy	79.1	85.1	+0.2	3.08
General	89.6	96.9xd	+0.7	3.49
Japan	127.5	136.9	+0.1	0.22
UK Growth	54.0	58.7	+0.4	2.38
Acc Units	74.8	81.3	+0.4	2.38
US Emerging Co's	45.0	48.4	+0.4	0.54
Worldwide Bond	140.2	150.7	-0.1	3.65
Equitas Prog.	127.1	137.4	+0.4	4.22

Aitken Hume
1, Worship St., EC2 00-623 6626

American Tech Fd.	124.4	133.7	.....	0.10
Inc & Gwth Fd.	32.5	34.9xd	.....	5.47
Pacific Fd.	143.4	154.9	.....	0.46
Secure Income Fd	116.3	125.0xd	+0.1	6.2
Special Sits.	154.0	165.5	-1.5	0.97
Energy Fd.	231.6	249.0xd	-1.4	0.60
Exempt Fd.	386.5	415.5xd	.....	3.00
Small Co's Fd.	255.7	275.7	+1.0	1.70
Jap. Technology	58.9	63.7	.....	0.20

Allied Unit Trusts Limited (A.) (G.)
Allied Hambro Hse., Hutton, Brentwood, Essex

Britannia Gp of Unit Trusts Ltd (a) (c) (g)
Salisbury Hse, 31 Finsbury Circus, London, EC2. 01-588 2777. Dealing: 01-638 0478/0479.
Britannia Viewpoint 01-673 0048

UK Specialist Funds				
Assets	173.6	187.2	+1.6	2.97
Growth Gilt Trust	50.2	51.1	+0.1	0.00
Recovery	65.3	70.4	+0.5	3.17
Smaller Cos.	90.3	97.4	+0.6	1.48
Spec. Mkt. Sits.	72.1	77.7	-0.7	1.56
UK Blue Chip	55.2	59.5	+0.3	3.55
High Income Funds				
Nat. High Inc.	113.2	122.6	+1.0	6.63
Extra Inc.	43.4	46.8xd	+0.2	9.17
Inc & Growth	119.6	128.9	+0.5	5.59
Gilt	26.3	27.7xd	.....	9.76
Pref. Shares	18.4	19.4	-0.1	11.07
Sector Specialist Funds				
Commodity Shares	140.6	151.6	+0.1	1.61
Financial Secs.	154.6	166.7	+0.5	2.50
Gold & General	27.5	29.9	.....	2.63
Int. Tst. shares	97.5	105.1xd	-0.5	1.06
Prop. Shares	32.2	34.7	.....	1.97
Univ. Energy	68.7	74.1xd	-0.5	0.94
World Tech	43.8	47.2xd	+0.4	—
Overseas Funds				
American Growth	65.8	70.9	+0.5	1.62
Am. Smaller Cos.	19.5	21.0	.....	—
Am. Spec. Sits	61.2	66.0	+0.7	0.54
Australian Growth	71.3	76.9	-0.3	1.03
Far East	38.0	41.0	+0.1	—
Hong Kg. Perfmnce.	20.5	22.1xd	+0.3	1.80
Intl. Growth	97.0	104.6	.....	1.21
Japan Perf. Tst	33.9	36.6xd	.....	—
Japan Smlr Cos Tst	11.6	12.5	.....	—
General Funds				
Capital Acc.	118.7	128.0xd	+0.9	2.98
Comm. & Ind.	89.3	96.3xd	-0.3	2.64
Domestic	76.8	82.8	+0.6	3.34

Crown Unit Trust Services Ltd.
Crown Life Hse, Woking GU21 1XW. 04862 24933

Crown High Inc. Trust	139.4	150.7	+1.3	6.29
Crown Growth Trust	127.5	137.4xd	+1.0	3.73
Crown Amer Trust	87.0	94.0xd	94.1xd	+0.1

Darlington Unit Trust Mngt. Ltd.
Darlington, Totnes, Devon TQ9 6JE. 0803 862271

Total Perf. Unit Tst.	35.0	39.9	.....	2.77

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-628 4485

Dic Inc Feb 10	356.3	379.9	.....	3.85

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Growth	18.5	19.9	+0.2	2.9
Income	35.7	38.4	+0.2	8.8
Overseas	70.2	75.5	+0.3	2.6

Edinburgh Fund Managers plc
4 Melville Cres., Edinburgh. 031-226 4931

Edinburgh Exempt Funds*				
American Feb 8	109.7	114.4	.....	2.10
Japan Feb 9	612.5	638.6	.....	0.29
Pacific Feb 10	192.0	230.2	.....	1.04
Smlr Jap Co's Feb 10	97.7	200.6	.....	6.10

*Unauthorised

Equity & Law Un. Tr. M. (a) (b) (c)

American Growth	61.4	66.0	+0.4	1.09
(Accum. Units)	62.0	66.8	+0.4	1.11
European Fund	48.5	52.1	+0.3	0.81
(Accum Units)	48.2	51.8	.....	0.81
General	128.9	138.5	+0.5	2.96
(Accum. Units)	198.1	213.0	+0.5	2.96
Gilt	77.8	78.5	+0.1	6.49
Inc & Recovery	97.6	104.9	+0.6	5.25
International	141.3	151.9	+0.1	1.30
(Accum. Units)	170.2	183.0	+0.2	1.30
Japan Fund	64.5	69.3xd	-0.5	—
(Accum Uts)	64.9	69.7xd	-0.6	—
Exempt Feb 8	130.3	135.7xd	.....	2.89
(Accum Uts) Feb 8	190.0	197.9	.....	2.89

Capital Accum Trust	102.1	110.9	+0.6	2.81
American Growth Tst.	48.6	52.3xd	+0.1	0.96
Income & Growth TS.	49.6	53.3xd	+0.6	6.53
Special Situations Tst.	51.6	55.5	+0.3	0.92

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	138.2	142.6	.....	3.3
Income Fund	102.3	110.0xd	.....	7.5

Prices on Jan 31. Next dealing day Feb 15.

SKG Management Limited
20 Copthall Ave EC2R 7JS 01-600 7595

Gilt	—	100.0	.....	4.00
Inc & Gth (Rowan)	—	50.0	.....	—

Insurances—continued

St George Assurance Co Ltd
The Priory, Hitchin, Herts 0462 57161

Managed Fd	108.0	113.7	....	—
Universal Fd	104.7	110.3	....	—

Scottish Provident Institution
8 St Andrews Sq. Edinburgh. 031-556 0101

Mixed	100.3	105.7	....	—
Equity	103.1	108.7	+0.4	—
International	104.9	110.3	+0.3	—
Property	96.3	101.5	....	—
Fixed Int	96.2	101.4	-0.3	—
Index Lkd	94.1	99.2	-0.2	—
Cash	96.3	101.5	+0.1	—
PenMxdInt	100.2	105.6	+0.1	—
Do Ord	100.9	106.3	+0.1	—
Pen Eq Int	103.5	109.1	+0.5	—
Do Ord	104.1	109.7	+0.4	—
Pens Intl	105.0	110.6	-0.4	—
Do Ord	105.9	111.5	-0.4	—
Pens Prop Int	96.4	101.6	....	—
Do Ord	96.9	102.1	+0.1	—
Pens Fxd Int	96.7	101.9	+0.1	—
Do Ord	97.0	102.2	+0.1	—
PenIndLkdIs	93.9	99.0	-0.3	—
Do Ord	94.5	99.8	-0.3	—
Pen Cash Int	96.2	101.4	+0.1	—
Do Ord	96.8	102.0	+0.1	—

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703 334411

Managed	157.8	166.1	+0.8	—
Equity	170.6	179.6	+1.1	—
International	178.3	187.7	+1.2	—
N American	100.6	105.9	+1.4	—

Offshore & Overseas—continued

D'fred Inv	$10.37	10.36nd	....	5.0

Capital Preservation Fund International
14 rue Aldringen, Luxembourg 1118.

Cap Pres Fd	—	$10.10	....	—

Commodity Advisory Svcs (IoM) Ltd
40 Athol St, Douglas, IoM. 0624-20845

Com&FFAc	67.65	70.47	....	—
Com&FFd	67.65	70.47	....	—

Next dealing date Feb 20.

Citibank (CI) Ltd "Citifunds"
Green St, St Helier. 0534-70334

U.S. $ Fd	$10.502	+0.002	—
£ Sterling Fd	£5.280	+0.002	—
SwFrancFd	SwFr20.260	+0.001	—
Jap Yen Fd	Y2,070.650	+0.276	—
Deutsche Fd	DM20.487	+0.002	—
Managed Fd	$10.155	+0.068	—
"Citicare"			
CiticareFdJan31	9.690	....	—

Dunaest Ltd
PO Box 887, Grand Cayman, BWI.

NAV	$1.54.75	..	—

EBC Trust Company (Jersey) Ltd
1-5 Seale St, St Helier, Jersey. 0534-36331

International Income Fund			
US$ Do Sht A	$1.3262	..	7.95
Do Dist	$0.9985	....	7.95
Mkd Cur Sh't B	$1.425	....	7.66
Do Dist	$0.9245	..	7.66
Eurobd Lng Trm	$22.13	....	0.84

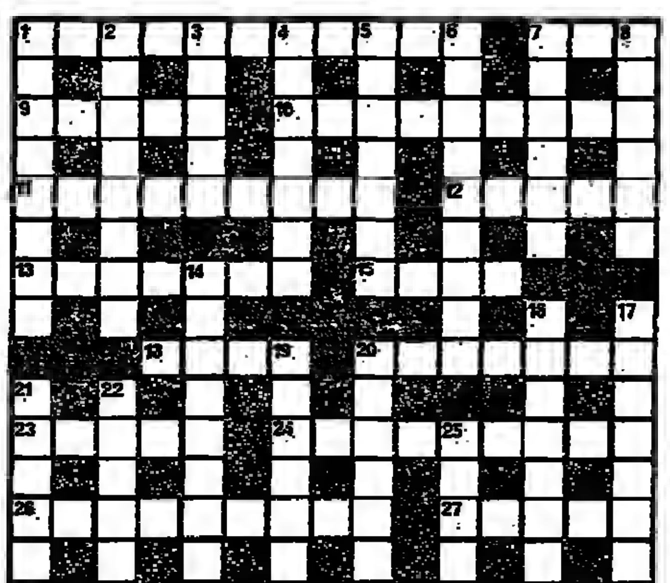
Euro Banking Traded Currency Fund*

INSURANCES

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,342



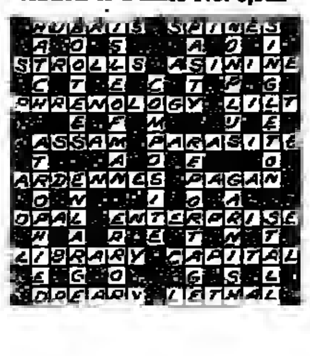
ACROSS

1 Minister's entrance in the City of London (11)
7 Settled on Continental bed (3)
9 Get to know Edward, a bridge player (5)
10 Smuggler has drink with athlete (3-6)
11 Iris hurried to church with blatancy (9)
12 One girl or another in The *Forsyte Saga* (5)
13 Trusts those responsible for film production (7)
15 Natterjack for example could appear as a dot (4)
18 Defect at ground level so to speak (4)
20 Excellent service to Tyneside but outcome is colourless (7)
23 Wag returning to ring Athenian statesman (5)
24 To Elgar the unfinished version is somewhat slow (9)
26 You must stay up to hear this singer! (5-4)
27 It sounds like a tenner fiddle (5)
28 Indian clerk has no ear for schoolmaster (3)
29 Blackening two hundred engineers ordered (11)

DOWN

1 Type having courageous countenance (4, 4)
2 Are waste products damaging goods on board? (3-5)
3 Proprietor "the ox knoweth" in Isaiah (5)
4 Moves suddenly to city in the Transvaal (7)
5 Member's support a jolly break from acting (3-4)
6 Having tea with Euclid could make it clear (9)
7 Loiter with underwear missing that is (6)
8 Joseph Mallord, worker at the lathe (6)
14 Little nog possibly obtained dishonestly (3-6)
16 Coward cut up to Ayrshire burgh (8)
17 Revive Nevada city tax point (6)
19 Testate as was Barkis? (7)
20 Shorten a spanner (7)
21 Said no perhaps but loved by Aphrodite (6)
22 Royal park attendant called on the queen (6)
25 Initially, hooligans at venue on Continent create it (5)

Solution to Puzzle No. 5,341



هكذا منه الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass Ltd

Crescent Life Assurance Co. Ltd.

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Unit Ass. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co. (UK)

Merchant Investors Assurance

NEL Pensions Ltd.

National Provident Institution

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Royal Heritage Life Assce. Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Anderson Futures Ltd.

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Cater Allen Investment Management (C.I.)

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortess International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Eaton & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Erasmus Management Ltd.

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Executive Life (C.I. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ltd. Agents

Gartmore Fund Managers (Far East) Ltd.

Gartmore Fund Managers (IOM) Ltd.

Assicurazioni GENERALI S.p.A.

Grindlay Henderson Mngt Ltd.

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Hill Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

Intl. Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

N.V. Interbeheer

International Bond Trust

Invesco Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Leopold Joseph & Sons (Guernsey)

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

N.E.L. International

Newport International Management

Nomura Trust Managers Ltd.

Northgate Unit Tst. Mgrs. (Jersey) Ltd.

Pacific Basin Fund

Perpetual UT Mngrs (Jersey) Ltd.

Providence Capital International Ltd.

Quilter/Holcold Commodities

Rea Brothers (IoM) Ltd

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt Ltd.

Royal Bank of Canada Funds

Royal Trust Intnl. Fd. Mngt. Ltd

SCI/Tech S.A.

Save & Prosper International

Schroder Unit Trust Mgrs. Int. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Stronghold Management Limited

Swinvest (Jersey) Ltd.

Strategic Metal Trust Mngrs. Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Bank (Isle of Man) Ltd.

Tyndall Group

Tyndall International Assurance Ltd

Unico Invest Fd Mgt Co SA Lux

Union-Investment-Gesellschaft mbH

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd. and Subsidiaries

Wardley Investment Services Ltd.

Westwon Secs (Guernsey) Ltd

World Wide Growth Management

Wren Commodity Management Ltd

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ¶ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Sharp fall in copper stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER STOCKS held in the London Metal Exchange warehouse dropped sharply last week, it was revealed yesterday. Total holdings fell by 19,550 tonnes to 407,750 tonnes—the lowest level since October.

The stocks decline helped the market rally after opening on an easier note. The three months higher grade quotation closed £3.5 up at £1,005.75 a tonne before moving further ahead in late trading, encouraged by a firmer trend in New York.

A discouraging note was the announcement by U.S. producer, Asarco, that it was cutting its domestic selling price for copper by 1 cent to 66 cents a lb. But Kennecott later raised its price by 2 cents to 68 cents.

Lead stocks fell by 1,550 tonnes to a total of 169,150 tonnes, the lowest level since April last year. However, the market had been anticipating a bigger decline and prices lost ground.

Aluminium prices also ended the day marginally lower, in spite of another decline in LME warehouse stocks, which fell by 5,500 to 212,275 tonnes. Nickel stocks rose by 594 tonnes to a record total of 32,262 tonnes, while LME silver holdings increased by 94,000 to a peak of 46,510,000 oz.

Zinc stocks fell by 575 tonnes to 77,700, but the market was more concerned with the results of the U.S. Mint tender today.

Tin stocks were also down by 715 to 38,110 tonnes. Mr de Koning, manager of the International Tin Council buffer stock, denied a report that he was prepared to let the Straits tin price in Penang go below the Tin Agreement "floor" of $29.15 a kilo.

Board discusses ways to tighten up coffee agreement

BY RICHARD MOONEY

WAYS OF tightening up the operation of the International Coffee Agreement (ICA) are being discussed at an eight-day meeting of the International Coffee Organisation's executive board which began in London yesterday.

The agreement came in for some criticism from delegates at a U.S. coffee conference last week when an increase of 1m bags (60 kilos each) in 1983-84 export quotas was triggered only a day after it had been announced that 1.6m bags worth of unused quotas had been carried forward from October/December into the January/March quarter.

The increase, which reflected the delayed effect on the 15-day average price of a sharp January price rise, was described as unwarranted by Sr Octavio Rainho, president of the Brazilian Coffee Institute.

Since it began operating in 1980 the ICA has been fairly successful in achieving its primary aim of keeping the coffee price in a 120-140 cents range. But it has done little to discourage overproduction, which has resulted in world stocks growing to around 60m bags, more than two-thirds of annual consumption.

Tea auction prices continue decline

By Our Commodities Staff

TEA PRICES dipped again at the London weekly auctions yesterday — the fourth successive decline. The average price for quality teas was only 5p lower at 300p a kilo; but medium and low medium grade fell by 16p to 260p and 210p respectively.

Brokers said the market appeared to be still reacting to the sharp price increases in early January that took auction values to record levels. Buyers are conscious that if prices are too high there is likely to be strong resistance at retail level and are, therefore, adopting a cautious attitude.

Reuter reported from New Delhi — the United Planters Association of Southern India said an official ban on exports of CTC (cut, tear and curl) tea should be withdrawn to help maintain production.

It said the ban imposed on December 24 has hit tea producers in southern India, where production lasts through the year and where many tea estates grow only CTC tea.

The Association estimated production of all types of tea in South India in 1984 will rise by 20 per cent

● CONTINENTAL (London) declared *force majeure* at its oilseed crushing plant at Seaforth, Merseyside, on February and March deliveries of soya oil due to the continuing labour strike. The mill has been at a standstill since February 7, due to a dispute over manning levels.

● PAKISTAN'S wheat production in the season ending May 1984 is estimated at between 12.3 and 12.5m tonnes, down from a target of 13.02m but slightly higher than last season's 12.2m tonnes, Mr Mohammad Fazil Janjua, Agricultural Minister, announced. He said the long drought made it difficult to achieve the target.

Incentives pay off for Chinese harvest

Mary Cherry reports on the effects of a new agricultural policy in the communes

CHINA'S new policy of giving responsibility and incentives to individuals, backed by increased support to agriculture, seems to be paying off. There is no doubt that, in spite of drought in some areas, the 1983 harvest was exceptionally good, particularly for grains and cotton.

The food grain total (which includes rice, wheat, maize, sorghum, millet, soyabean and sweet potato) is put at about 380m tons, which is above the 1985 target. The summer grain crop was 8.6m tons up on 1982 figures.

This follows a steady increase in grain production since 1978 although there has been a parallel policy of diversifying agricultural production. This latter policy and the holding of a buffer stock of at least 80bn ching of grain (1 ching is approximately 1lb) explains why China has continued to be an importer of grain, though final figures for 1983 are likely to be below the imports of 14 to 15m tons per year which have been usual of late.

But nonetheless the people of China are still rationed for their basic foods and there are large areas of the poorer parts of the country which are not self-supporting. What is evident as one travels through some of these areas is that government and people are making huge efforts to protect and develop land which is low-yielding or totally unproductive.

China has the advantage of a huge labour force of people who are accustomed to accepting work and discipline. Now they have the incentive of personal responsibility and reward.

Rural people are still organised in communes, production brigades and work teams but now they have the opportunity to be allocated areas of land to farm as their own. They have a contract with the commune to supply a quota, but any production over and above that quota or the products of any additional enterprises are theirs to use or sell at free markets. So effort and enterprise is rewarded, but the state remains in control of the land. It is officially stated that this production responsibility system now covers 97 per cent of the country.

While the results of this policy are showing up mainly in grain figures and in the development of other crop and livestock sideline enterprises, other crops, notably cotton, have also been expanding. Cotton production has nearly doubled since 1978. When I travelled through large parts of Hebei and Sandong provinces in November the cotton harvest was only just being brought in, but I could not fail to notice the quantities of cotton piled on small carts waiting in long queues at numerous collecting centres and expanses of white where families were using the road sides as drying floors, fluffing up the cotton

The Government has been pumping money into the agricultural sector, particularly since 1979. The price to the producer of some 20 or so commodities, by means of subsidy, is said to have gone up by about 20 per cent while the cost of major inputs, particularly fertilisers, has been brought down by about 10 per cent. A big effort has been put into improving essential rural facilities such as roads and electricity supplies.

Agro-industry is being relocated or developed in the countryside and there are plans for other small industries, including those particularly suitable for women workers, all as part of an explicitly stated central government attempt to reduce the economic differences between city and countryside.

Soyabean market remains steady

BY NANCY DUNNE IN WASHINGTON

THE suspension of soyabean exports by Brazil last week and efforts by Brazil and Argentina abroad has created little stir on the Chicago Board of Trade.

"Brazil always comes up with some sort of bizzarre plan about this time of year," said Miss Susan Hackmann, a grain analyst with A. G. Becker, Paribas. "It never amounts to anything."

She said, too, that few traders believe that Argentina and Brazil "can hold a solid front together long enough" to raise prices.

While drought has cut this season's U.S. soyabean crop to 43m tonnes, Brazil and Argentina expect record harvests of 15.8m and 5m tonnes respectively this year. Nevertheless they are hardly in a position to control the world market.

U.S. exporters say Brazil is running a risk of losing some market share in attempting to tamper with the free market.

In the world supply-demand projections due out of the U.S. Department of Agriculture yesterday evening, traders were watching for further news of the detiorating South African maize harvest. The country faces its second crop failure in a row due to the drought and the Maize Board chairman, Mr Hennie Nel, said yesterday 2m tonnes may have to be imported. South Africa is normally a sizeable maize exporter.

Meanwhile, traders are speculating about the result of the 1984 U.S. crop acreage reduction programmes with just two weeks of the sign-up period remaining. In Congressional hearings on Friday, Mr John Block, the U.S. Secretary of Agriculture, estimated the sign-up optimistically at 50 to 70 per cent.

Although the bait to encourage land set aside is much less attractive than last year, with no cash payment for acreage reduction, the department believes that low commodity prices will be enough to lure farmers into the programme. Unless they agree to participate, producers will not be eligible for dificiency payments.

The weather is also expected to boost programme sign-ups. Winterkill potential on winter wheat has increased in recent weeks with widespread thawing over the great plans, leaving much of the crop exposed to February's weather.

Cocoa talks start in Togo

LOME, TOGO,—Cocoa producers and manufacturers have begun talks on improving cocoa quality at an international conference here.

Manufacturers and consumer nations will ask producers to make renewed efforts to boost bean size and quality at the five-day meeting, delegates at the conference said.

They will also urge producers to spread the use of high-yield and drought-resistant varieties of cocoa.

West Africa, which accounts for more than half total world production, has been hit by drought for two years, affecting quality and quantity.

The international conference on cocoa research meets every two years under the auspices of the 11-member cocoa producers' alliance.

Gold futures link for Sydney and New York

By Our Commodities Staff

THE Sydney Futures Exchange yesterday confirmed plans for an exclusive gold futures trading link with the New York Commodity Exchange (Comex).

The Australian exchange announced that the two exchanges are negotiating plans to permit traders to establish or offset gold futures positions interchangeably on either the Sydney exchange or the Comex.

If agreement is completed, it said, trading hours for the Comex 100-ounce gold futures contract would be doubled.

In a statement, Mr Alan J. Brody, Comex president, said discussions between the two exchanges must still develop a common clearing mechanism and a uniform margining system. Other operational details are also being studied.

The negotiations are part of an effort to attract more international investors to the Sydney Futures Exchange, following a government decision in December which eliminated many foreign exchange restrictions, including those which barred foreigners from trading directly on the exchange.

"Clearly, such an arrangement between our exchanges could prove beneficial for all parties concerned," Dr David Rutledge, Sydney Futures Exchange chief executive officer, said.

Mr Rutledge said the two exchanges have agreed to conduct further negotiations on an exclusive basis.

Last week, the Sydney exchange announced the first in a series of new financial futures with which it wants to attract international investors. The two-year Australian treasury bond futures contract will be added to the existing gold, silver, Australian stock market index, U.S. dollar and 90-day bank bills contracts.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 13 1984	+ or —	Month ago		Feb. 13 1984	+ or —	Month ago
Metals				Oils			
Aluminium	£1100		£1100	Coconut (Phil)	$1930v	+15	$1070
Free Mkt	$1540-570		$1540,570	Groundnut			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON OIL

[illegible]

CRUDE OIL FUTURES

[illegible]

SPOT PRICES

[illegible]

GAS OIL FUTURES

[illegible]

GOLD MARKETS

[illegible]

LONDON FUTURES

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper initially fell to £997 on general selling but thereafter rallied strongly owing to the sizeable stocks decline and the firmer tone on Comex to close the late kerb at £1,007.25. [illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	— or †
Spot	3265-70	—15	3258-02	—22.5
3 months	3345-6	—11.5	3337-40	—19.5

SILVER

[illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Feb 142.25, March 142.75, April/May 131.75 trans shipment East Coast. English feed fob Feb 125 and Bristol Channel. Maize: French 2nd half Feb 147.50, 1st half March 148.15, 2nd half March 148.80 East Coast. Barley: English feed fob Feb 122.50, March [illegible]

POTATOES

[illegible]

RUBBER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

[illegible] more. Offshore teas met with a good demand with prices about steady on last levels. Quotations: quality 300p a kg (305p), medium 260p a kg (276p), low medium 210p a kg (226p).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

COTTON

[illegible]

TEA AUCTIONS

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, February 13

Copper prices were moderately higher buoyed by a reduction in LME stocks and arbitrage support, reports Heinold Commodities. Aluminium prices were slightly lower as cash markets lagged on reports of disappointing utilisation. Sugar prices came under heavy selling pressure after recent speculative support failed to rally the [illegible]

HEATING OIL

42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	78.50	81.25	78.10	81.90
April	74.97	76.00	74.57	76.91
May	73.85	74.75	73.40	75.11
June	73.70	74.60	73.40	74.95
July	74.15	74.60	74.00	75.20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower in quiet trade

The dollar drifted lower in very quiet foreign exchange trading, unable to sustain the slightly firmer tone seen from time to time. After an initial weakness there was little change however as European traders declined to move the currency very far in the absence of U.S. trading, where banks were closed for Lincoln's Birthday. News that Mr Konstantin Chernenko has replaced the late President Yuri Andropov as leader of the Soviet Union had no significant impact, while before the announcement from Moscow nervousness about the future of East-West relations following the change of leadership in the USSR, and concern over continued fighting in the Lebanon also failed to give the dollar any significant boost.

A rise of $3bn in U.S. M1 money supply announced Friday was in line with market expectations, but there is now some anticipation that U.S. economic growth will be higher at the beginning of this year than the end of 1983, and an early indication will be given by publication of January retail sales figures today, and industrial production tomorrow.

The dollar's trade-weighted index, on Bank of England figures, fell to 130.1 from 130.2.

It weakened to DM 2.7375 from DM 2.7435 against the Deutschemark; FFr 8.42 from FFr 8.45 against the French franc; and Y234.35 from Y334.65 in terms of the Japanese yen, but improved marginally to SwFr 2.2375 from SwFr 2.2370 against the Swiss franc.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. January average 1.4080. Trade-weighted index 81.6 against 81.5 at noon 81.6 at the opening, 81.4 at Friday's close, and 85.1 six months ago.

Sterling moved within a narrow range of $1.4160 to $1.4210. It opened at $1.4170-1.4180, and closed at $1.4175-1.4185, a rise of 40 points on the day. The pound was also slightly firmer overall against other currencies, rising to DM 3.8850 from DM 3.8825; SwFr 3.1750 from SwFr 3.1650; and Y332.50 from Y332, but easing to FFr 11.94 from FFr 11.9450.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. January average 2.8109. Trade weighted index 125.3 against 124.7 six months ago.

The dollar fell against the D-mark at yesterday's fixing in Frankfurt to be fixed at DM 2.7371 down from DM 2.7467 on Friday. Trading was rather dull and featureless with many U.S. financial centres closed for a public holiday. The rise in U.S. money supply on Friday was not apparently a market factor. Sterling fell to DM 3.8810 from DM 3.8860 against the D-mark while the Swiss franc improved to DM 1.2229 from DM 1.2305. Within the EMS the Belgian franc improved slightly to DM 4.8840 per BFr 100 from DM 4.8820 on Friday which was its lower permissible level and the French franc was lower at DM 32.485 per FFr 100 from DM 32.495.

JAPANESE YEN — Trading range against the dollar in 1983-1984 is 246.90 to 226.80. Trade weighted index 155.7 against 146.4 six months ago.

The dollar showed little movement in Tokyo yesterday, finishing at Y234.08, down from Y234.25 at the opening but above the day's low of Y234.05. The range of currency quotations was inhibited by the size of commercial orders in both buying and selling dollars. Attention appeared to focus on the D-mark's firmer trend. The German unit rose to Y85.38 at the close. This was a little weaker than Friday's New York quotation of Y85.44 but was up from the Friday close in Tokyo of Y85.19.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9530	+2.34	+1.97	±1.5447
Danish Krone ...	8.14104	8.17183	+0.38	+0.01	±1.6425
German D-Mark	2.24184	2.24407	+0.10	−0.27	±1.0642
French Franc ...	6.87456	6.90740	+0.48	+0.11	±1.4052
Dutch Guilder ...	2.52595	2.53091	+0.20	−0.17	±1.4964
Irish Punt ...	0.72569	0.727503	+0.25	−0.12	±1.6699
Italian Lira ...	1403.49	1382.14	−1.52	−1.52	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	Feb. 13	Prev. close
Spot	unavailable	$1.4170-4180
1 month	—	0.07-0.02 dis
3 months	—	0.23-0.24 dis
12 months	—	0.93-0.97 dis

Forward premiums and discounts apply to the U.S. dollar.

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Feb 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4160-1.4220	1.4175-1.4185	0.05-0.10c dis	−0.63	0.20-0.25dis	−0.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 81.40-81.70. Six-month forward dollar 0.43-0.48c dis. 12-month 0.93-1.03c dis.

THE DOLLAR SPOT AND FORWARD

Feb 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4160-1.4210	1.4175-1.4185	0.05-0.10c dis	−0.63	0.20-0.25dis	−0.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.57-57.62.

OTHER CURRENCIES

Feb. 13	£	$		£ Note Rates
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Feb. 13	Bank of England Index	Morgan Guaranty Changes %
Sterling	81.6	Unavailable
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 13	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Feb 9: 1.29667.

EXCHANGE CROSS RATES

Feb. 13	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): [illegible]

FINANCIAL FUTURES

Eurodollars steady

Euro-dollar prices showed little change in the London International Financial Futures Exchange yesterday. Trading was inhibited to some extent by the closure of U.S. cash markets for a public holiday and also the approach of U.S. economic statistics due for release later this week. Early values were marked down from Friday's close on the back of a weaker U.S. bond market.

Last week's U.S. M1 money supply figures were generally in line with market expectations but there appeared to be little incentive to push values in either direction and volume suffered accordingly. The March Euro-dollar price opened at 90.13 down from 90.17 on Friday and traded in a narrow range of 3 points before finishing at 90.15.

Gilt prices were also weaker initially on a lower U.S. bond market but the softer trend attracted little follow through and renewed interest pushed values firmer. There was a further attempt to push prices down during the afternoon but this met renewed resistance and values finished close to the day's highs. The March price opened at 108-08 down from 108-10 on Friday and sank to a low of 108-06 before coming back to a high of 108-15. It closed at 108-13.

Short sterling prices were virtually static, reflecting a featureless cash market. The March price opened at 90.69 compared with Friday's close of 90.70 and remained within a two point spread before finishing unchanged at 90.70.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.15	90.16	90.13	90.17
June	89.68	89.70	89.68	89.73
Sept	89.37	89.39	89.36	89.41
Dec	89.08	89.11	89.08	89.13
March	88.82	88.85	88.82	88.86

Volume 1,621 (2,847)
Previous day's open int 12,002 (11,939)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	0.4318	—	—	0.4312
Sept	—	—	—	—

Volume 7 (89)
Previous day's open int 292 (305)

CHICAGO

U.S. TREASURY BONDS (CBT)
$100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-26	—	69-24	70-02
June	69-07	69-12	69-05	69-14
Sept	68-19	68-24	68-18	68-27
Dec	—	68-07	68-02	68-10
March	67-18	67-21	67-17	67-26
June	67-03	67-05	67-03	67-11
Sept	—	—	—	66-29
Dec	66-09	66-14	66-09	66-15
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	90.95
June	[illegible]	[illegible]	[illegible]	90.58
Sept	[illegible]	[illegible]	[illegible]	90.30
Dec	[illegible]	[illegible]	[illegible]	90.07
March	[illegible]	[illegible]	[illegible]	89.87
June	[illegible]	[illegible]	[illegible]	89.70
Sept	[illegible]	[illegible]	[illegible]	89.54
Dec	[illegible]	[illegible]	[illegible]	89.38

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	90.36
June	[illegible]	[illegible]	[illegible]	89.89
Sept	[illegible]	[illegible]	[illegible]	89.49
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	89.86
June	[illegible]	[illegible]	[illegible]	89.43
Sept	[illegible]	[illegible]	[illegible]	89.10
Dec	[illegible]	[illegible]	[illegible]	88.81
March	[illegible]	[illegible]	[illegible]	88.53
June	[illegible]	[illegible]	[illegible]	88.29

STERLING (IMM) $ per £

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	1.4170
June	[illegible]	[illegible]	[illegible]	1.4180
Sept	[illegible]	[illegible]	[illegible]	1.4215
Dec	[illegible]	[illegible]	[illegible]	1.4240
March	[illegible]	[illegible]	[illegible]	1.4265

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	69-05
June	[illegible]	[illegible]	[illegible]	68-06
Sept	[illegible]	[illegible]	[illegible]	67-11
Dec	[illegible]	[illegible]	[illegible]	66-19
March	[illegible]	[illegible]	[illegible]	65-12
June	[illegible]	[illegible]	[illegible]	64-28
Sept	[illegible]	[illegible]	[illegible]	64-14
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

MONEY MARKETS

London rates steady

Short-term interest rates were little changed on the London money market yesterday in very quiet trading. Three month interbank was steady at 9¼-9⅛ per cent, and discount houses buying rates for three-month eligible bank bills were unchanged at 8¾-8⅞ per cent.

The Bank of England forecast a market shortage of £500m in the morning, but this was later revised to £550m. Major factors against the market were: bills maturing in official hands; repayment of late assistance; and a take-up of Treasury bills from Friday's tender of £310m; Exchequer transactions of £425m; and bank balances below target draining a further £15m. These were partly offset by a fall in the note circulation of £245m.

Total assistance provided by the authorities was £553m, including £223m before lunch. In the morning the Bank of England bought £147m bills outright by way of £57m bank bills in band two (15-33 days) at 9 per cent; £31m bank bills in band three (34-63 days) at 8⅞ per cent; £7m Treasury bills in band four (64-91 days) at 8⅞ per cent; £10m bank bills in band four at 8⅞ per cent; and £42m bank bills in band four at 8⅞ per cent.

In addition the authorities bought £76m bills for resale to the market on March 14 at 9 per cent.

After lunch the Bank of England purchased £195m bills outright through £6m local authority bills in band one (up to 14 days) at 9⅛ per cent; £8m local authority bills in band two at 9 per cent; £43m bank bills in band two at 9 per cent; £10m local authority bills in band three at 8⅞ per cent; £57m bank bills in band three at 8⅞ per cent; £22m local authority bills in band four at 8⅞ per cent and £26m bank bills in band four at 8⅞ per cent. The Bank of England also provided late assistance of around £135m.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Feb. 13	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.00	11¾	1-6	5¾-5⅞	5.80695	17⅞-18⅛	5.90	12⅞-12⅞
One month	5.45-5.55	19¼-12⅜	3-5⅛	07⅛-6	6.15625	17⅝-18	10¾-11	12⅞-12⅞
Two months	5.70 5.80	16¼-16⅜	—	—	—	—	—	19⅞-12⅞
Three months	0.85-6.00	12¼-16⅜	05⅛-5⅛	6-0⅛	6.28190	17¾-18⅛	11⅜-11⅝	12⅞-19⅞
Six months	0.95-6.10	19½-19⅝	—	5⅞-5⅞	—	—	11⅝-11⅝	12⅛-18⅝
Lombard	0.0	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Feb. 13 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8½-10	6⅛-9¼	9¼-0⅜	8½-9¼	—	—	—	—	—
2 days notice	—	—	0⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9⅛-9⅛	0⅛	9⅜-0⅛	9-0⅛	—	—	—	—	—
One month	9⅛-9¼	9¼-9⅛	8	9⅝-9⅛	9-9⅛	9	8¾	9-9⅛	8¾-9	9⅝
Two months	9⅛-8⅞	9⅛-9⅛	9⅛	9⅝	9-9⅛	8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	9⅛
Three months	0⅜-9⅛	0⅜-9⅛	9⅜	9⅝	9-9⅛	9⅛	8⅞	8⅞-8⅞	8⅞-8⅞	9⅛
Six months	0⅛-9⅛	9⅛-9⅝	9½	—	—	—	—	8⅞	9⅞-8⅞	9⅞
Nine months	9⅞ 0⅞	9⅝-9⅞	9¾	—	—	—	—	—	—	—
One year	9⅞-9⅞	0⅞-9⅞	9¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¼-9½	—	9⅛	9.55-0.65	8⅞-8⅞	9⅛-9½
Two months	0¾-9½	—	9⅛	9.55-9.65	9⅛-9⅛	9⅛-0⅝
Three months	0¾-9½	—	9⅛	9.6-9.7	8⅞-9⅛	9⅞-0¾
Six months	9¼-9	—	9⅝	9.8-9.9	9⅛-9⅛	9¾-9⅞
Nine months	9⅞-9⅝	—	9⅞	9.9-10.1	—	—
One year	9¾-9½	—	0⅞	10.05-10.25	9⅛-9⅝	10-10⅛
Two years	—	10½	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7 1984 (inclusive): 0.493 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rates of discount 8.8550 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent, three-six months 9¾ per cent; six-12 months 10¼ per cent. Under £100,000 9¼ per cent from February 0. Deposits held under Series 4-5 10¾ per cent. The rate for all deposits withdrawn for cash 9 per cent.

MONEY RATES
NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	—
Fed funds at intervention	—

Treasury Bills

One month	—
Two month	—
Three month	—
Six month	—
One year	—

Treasury Bonds

Two year	—
Three year	—
Four year	—
Five year	—
Seven year	—
10 year	—
30 year	—

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. February 13)

3 months U.S. dollars	
bid 9 7/8	offer 10

6 months U.S. dollars	
bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 13 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.10
Algeria	Dinar	(A) 7.1480
Andorra	French Franc	11.94
	Spanish Peseta	961.0
Angola	Kwanza	(CM) 45.4110
Antigua	E. Caribbean $	3.83
Argentina	New Peso	38.81
Australia	*Australian $*	1.5615
Austria	Schilling	97.550
Azores	Portuguese Escudo	183.50
[illegible]	[illegible]	[illegible]

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	14.180
Grenada	E. Caribbean $	3.83
Guadaloupe	Local Franc	11.94
Guam	U.S. $	1.4180
Guatemala	Quetzal	1.4180
Guinea	Syli	33.80
Guinea-Bissau	Peso	119.90
Guyana	Guyanese $	0.3230
Haiti	Gourde	7.09
Honduras	Lempira	2.84
Hong Kong	H.K. $	11.030
[illegible]	[illegible]	[illegible]

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Sol	exc(A)3,432.63
Philippines	Philippine Peso	18.68
Pitcairn Islands	£ Sterling	—
	New Zealand £	(fv) 8.1565
Poland	Zloty	158.10
Portugal	Portuguese Escudo	195.50
Puerto Rico	U.S. $	1.4180
Qatar	*Qatari Ryal*	0.18
Reunion Island	French Franc	11.94
[illegible]	[illegible]	[illegible]

* Rate is the transfer market (controlled). [illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 13.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia Comm 11¼ 90	100	100	100½	-0⅛	-0½	11.17
Australia Comm 11½ 95	300	97	97½	-0¼	-0⅜	11.93
Australia Comm 11⅝ 98	100	97½	98	+0⅜	-0⅛	11.94
Bank of Tokyo 11⅞ 90	100	98¼	98¾	-0¼	-0⅜	12.19
Beneficial O/S Fin 12 91	100	96½	96⅞	-	-	12.75
Britoil Fin 11⅞ 90	125	99½	100	-0⅛	-0⅜	11.90
Canada 10⅞ 88	500	98¾	98⅞	0	-0¼	11.23
C.C.C.E. 12¾ 95	75	100	100½	-0¼	-0½	12.55
Citicorp O/S 10⅝ 90	100	91½	92	0	-0¼	12.32
Citicorp O/S 11¾ 90	100	98¼	98⅝	-0⅛	-0⅛	12.09
Den Norsk Cred 11¼ 93	50	92¾	92⅞	0	-0⅜	12.62
D.S.C. 11¾ 91 WW	50	96¼	96¾	+0¼	0	12.53
D.S.C. 11¾ 91 XW	50	95⅜	95⅞	0	-0⅛	12.73
Denmark Kingdom 12⅛ 93	100	98⅞	99⅜	+0⅛	0	12.39
E.C.S.C. 11⅝ 90	75	99⅛	99⅝	0	-0⅜	11.98
E.D.C. 11⅛ 89	150	97⅝	98⅛	-	-	11.71
E.E.C. 11 87	350	98¼	98¾	-0⅛	-0¼	11.50
E.E.C. 12 93	50	99⅝	100⅛	-0⅛	-0½	12.01
E.I.B. 11½ 90	200	97¼	97⅝	0	-0⅛	12.07
Eksportfinans 11½ 90	100	96⅝	67¼	0	-0½	12.15
Electrolux 10½ 90	50	92⅜	92⅞	0	-0⅞	12.21
Gen Elec Credit 11 91 WW	200	97⅝	98⅛	-	-	11.46
GMAC O/S Fin 11⅞ 90	100	99¼	99¾	-0⅛	-0½	11.45
IC Indust Fin 11⅞ 98	75	96¾	97¼	+0⅛	+0⅜	12.31
Indust Bk Japan 11⅞ 91	100	99	99½	-0¼	-0⅝	12.00
ITT Finance 11½ 90 WW	125	99⅜	99⅞	+0⅛	-0⅜	11.57
Japan Air Lines 11 93	75	95½	96	+0⅛	+0⅛	11.75
J.C. Penney 11⅞ 90	100	100⅜	100⅞	0	-0¼	11.78
J. P. Morgan 11¾ 90 WW	150	98¾	99¼	0	-0⅜	11.60
Lnd Strauss Int 11 90	75	96¾	97¼	-0⅛	-0⅜	11.66
L.T.C.B. 10¾ 90	100	93¾	94¼	0	+0⅛	12.14
L.T.C.B. 12½ 90	85	101¾	102¼	-0⅛	-0¾	12.01
Macy O/S 11¾ 91	100	99½	100	-	-	11.79
Mitsubishi Fin 11¾ 90	100	96⅝	97⅛	+0⅛	+0⅛	12.07
[illegible]						
World Bank 11¼ 88	100	98¾	99¼	-0⅛	-0½	11.50
World Bank 11¼ 90	200	96⅝	97⅛	-0⅛	-0⅜	11.92
World Bank 11½ 90	150	97⅝	98⅛	-0¾	-0¾	11.95
World Bank 12 93	200	100	100½	-0⅛	-0¼	11.93

Av. price changes: on day -⅛, on week -⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Allied Chemical 7½ 94	125	98⅞	99⅜	—	—	7.63
Amca Int'l 8⅛ 91	100	98⅝	99⅛	0	0	8.44
A.S.A.S. 8½ 91	150	99¼	99¾	+0⅛	-0¼	8.59
Arab Banking Corp 8 90	100	97¾	98¼	-0⅛	0	8.52
Asian Dev Bk 8½ 93	200	100½	101	0	0	8.37
Barclays O/S 8⅛ 88	250	101¾	102¼	0	+0⅜	7.89
Beatrice Foods 7¾ 93	130	102½	103	0	0	7.33
E.E.C. 8 92	200	100¼	100¾	—	—	7.93
E.I.B. 8 91	250	99⅞	100⅜	—	—	7.97
E.I.B. 8 93	200	99½	100	0	-0⅛	8.03
Europarat 8¼ 93	150	99⅝	100⅛	-0⅜	-0½	8.26
Finland Rep 8 90	150	100¼	100¾	-0⅛	-0⅛	7.89
I.A.D.B. 8⅛ 93	150	99⅝	100	-0¼	-0¼	8.28
Int Standard Ele 7⅜ 90	100	101⅛	101⅝	-0¼	-0⅛	7.11
Int Standard Ele 7¾ 93	100	101⅝	102⅛	+0⅛	+0¼	7.45
Ireland 8⅝ 91	150	100⅜	100⅞	0	-0⅛	8.49
L.T.C.B. 8 90	100	101	101½	0	0	7.73
Magal Fin 8⅛ 94	150	97¾	98¼	0	-0¼	8.55
O.K.B. 7½ 90	100	98⅞	99¼	—	-	7.75
Reynolds O/S FIN 7¾ 94	125	99⅜	99⅞	—	—	7.55
Sth Africa Rep 8½ 91	200	101¼	101¾	0	-0⅛	8.22
S.N.C.F. 8⅛ 93	100	100	100½	0	-0½	8.08
VEBA Int Fin 4 93 WW	300	126⅞	127⅜	-0⅛	-4⅞	1.06
VEBA Int Fin 4 93 XW	300	77½	78	0	-0⅛	7.24
World Bank 7¾ 89	300	100⅝	101⅛	-0⅛	-0⅛	7.66
World Bank 8 93	300	99⅞	100⅜	-0⅛	-0⅛	7.97

Av. price changes: on day 0, on week -⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						
Quebec Province 5⅜ 93	100	101¼	101½	-0¼	-0½	5.44
Shikoku Elec Power 6 91	100	102	102½	-0½	-0⅜	5.65
Soc Lux Cent 5¾ 93	100	99½	99½	-0¼	-0⅜	5.83
Sumitomo Heavy Ind 6 91	100†	101	101½	0	0	5.79
Tokyo Elec Power 5¾ 91	100	102¾	103	-0⅛	-0⅜	5.43
Inzec Corp 6¼ 93	100	100⅜	101⅛	-0¼	-0¾	6.02

Av. price changes: on day 0, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8⅜ 92	15	107⅞	107⅞	-0⅛	-0¼	7.39
E.I.B. 8¼ 92	15	103¾	104¼	-0⅛	-0⅛	7.57
Int-Am Dev Bk 7⅞ 93	15	102⅞	102⅞	-0⅛	-0⅛	7.48
New Zealand 7⅝ 89	15	103⅞	104⅜	-0⅛	-0⅛	6.70
World Bank 7⅝ 93	20	102½	103	-0⅛	-0⅛	7.22

Av. price changes: on day -⅛, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
British Col Hyd 12 93 C$	125	97¾	98¼	0	-0⅛	12.34
Brit Col Tel 12¼ 99 C$	70	99	99½	0	-0¼	12.36
E.I.B. 12½ 91 C$	201	98	98½	-0⅛	-0⅛	12.47
Loblaw 12½ 90 C$	351	97⅞	98⅜	0	-0⅜	12.91
Montreal City of 12 90 C$	501	98⅛	98⅝	0	-0⅛	12.34
Royal Trstco 12⅝ 88 C$	50†	101⅛	101⅝	-0⅛	-0⅛	12.15
World Bank 12¼ 90 C$	75†	100½	101	0	-0⅜	12.05
CIE Bancaire 11 90 ECU	37	98½	99⅛	-0½	-0⅜	11.11
SDR France 11⅜ 95 ECU	20	101⅜	102⅜	-0⅛	0	11.32
Algemene Bank 8¼ 88 Fl	150	102½	103	-0⅛	0	7.98
Amro Bank 8¼ 88 Fl	100	102½	103	0	0	8.00
Bank Mees & Hope 9 88 Fl	15	102¾	102¼	-0⅛	-0⅛	8.27
Ned Middenstandbk 9 88 Fl	100	102¼	102¾	0	-0⅛	8.32
Rabobank 9 88 Fl	100	102¾	103¼	+0⅛	0	9.21
World Bank 9 88 Fl	100	102¾	103¼	0	-0⅛	6.16
O.K.B. 14 86 FF	400	101⅞	102⅜	0	+0⅛	12.73
Solvay & Cie 14⅛ 90 FF	200	102⅞	103⅜	0	-0⅜	13.05
B.F.C.E. 11½ 98 £	50	99⅞	100⅜	0	-0¼	11.42
CEPME 11¼ 95 £	35	103⅛	104⅝	0	-0¼	19.57
CIBA-Geigy Int 6⅜ 93 £	25	101½	102½	-0⅛	-0⅛	5.46
Commerzbank 11½ 90 £	25	98⅞	90⅜	-0⅛	-0⅛	11.62
E.E.C. 11⅜ 94 £	50	98¼	98¾	-	-	11.63
E.E.C. 11⅞ 93 £	50	100⅛	101⅜	0	-0⅛	11.65
Fin For Ind 10½ 90 £	20	95	95½	0	0	11.58
Finland Rep 11⅛ 88 £	50	101¾	102⅜	0	0	11.21
Gen Elec Co 12½ 89 £	50†	101	101½	-0⅛	-0⅛	12.15
I.I.I. 10¾ 93 £	25	95⅜	95⅞	-0⅛	-0⅛	11.50
I.I.I. 11½ 91 WW £	50†	100⅛	101¼	0	-0½	11.33
Int Stand Ele 11⅛ 89 £	50	98⅛	98⅝	0	-0⅜	11.56
Norsk Hydro 12 90 £	30	102⅞	102⅞	0	-0⅛	11.22
Sweden 11¼ 93 £	59	98	98¾	0	-0¼	11.51
Swed Exp Cred 11⅛ 88 £	30	99¼	100	-0⅛	-0⅛	11.32
World Bank 11⅛ 88 £	100	99½	100¼	0	-0⅛	11.12
Eurofima 10 91 LuxFr	800	98⅞	99⅞	0	-0⅞	10.18
Europarat 10¾ 93 LuxFr	600	98¼	100⅛	-0½	-1	10.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95	0¼	98½	98¾	5/6	10.31	10.46
Banco di Roma 5⅛ 90	0⅛	100	100¼	7/6	10½	10.49
Belgium 5 2004	0⅛	89⅜	99⅛	5/7	10.31	10.36
Bk of New Yk 5⅛ 96 $	0⅛	89⅜	99⅛	12/4	10.08	10.11
Credit Foncier 5¼ 93	0¼	100⅛	100⅜	8/4	19	9.98
Credit Lyonnais 5¼ 96	0⅛	99¾	99⅝	18/7	10.19	10.24
Denmark 5¼ 90	³⁄₁₆	99¾	100	13/4	10	10.01
Die Erste Oes 5⅛ 92	0⅛	99¾	100	27/7	10¼	19.26
Dresdner Fin 5¼ 93 XW $	0⅛	100	100¼	19/4	9.94	9.03
EAB Fin 5 93 $	0⅛	99¾	100	29/6	10.69	10.70
E.E.C 5 90	0⅛	100⅛	100⅜	5/7	10⅜	10.35
Ext Int 5¼ 951	0¼	98½	99¼	21/9	10.01	10.96
Fst Interstate 5¼ 95 $	0⅛	99½	99¾	9/3	9.94	5.98
Fuji Int l 5¼ 96 $	0⅛	99⅝	99⅞	12/7	10¼	10.28
Genfinance 5 94	0⅛	99¾	100	19/7	10⅛	10.14
Grindlays Euro 5¼ 94	0¼	99¾	100¼	1/0	10¼	10.26
GZB 5¼ 96	0⅛	99¾	100	29/5	10.19	10.20
Hispano 5¼ 95	0¼	98⅝	98⅞	20/4	10	10.13
Kansallis Osake 5¼ 92	0⅛	99¾	100	1/9	10⅛	10.14
Nat Bk Canada 5¼ 91 $1	0¼1	99½	99¾	5/7	10.44	10.52
Quebec Hydro 5¼ 94	0⅛	99¾	100	19/7	10⅛	10.14
Saitama Int 5¼ 93	0⅛	99⅛	100⅛	5/6	10.10	10.18
Scandzons 5¼ 94	0⅛	99⅝	99⅞	9/8	10½	10.15
Sweden 5⅛ 2003 $	0⅛	99⅞	100⅛	17/5	10.19	10.19

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
BSC Brown Boveri 4¼ 95	2/841	108	100½	101½	+0½	-5.86
Bridgestone Tire 5½ 96	3/82	470	110	119⅛	-1⅜	-1.74
Canon 7 97	7/82	688.2	226¾	225⅞	+0⅜	8.45
Daiwa Sec Co 5½ 98	10/83†	481.8	103	103½	-0⅛	-1.27
Fanuc 3¾ 93	1/84	9142	118¼	117⅛	-0½	5.63
Hitachi Cable 5⅛ 96	2/82	515	115¾	119⅝	+0⅜	+1.56
Honda Motor 5¼ 98	6/83	884	113	114	-0⅛	1.02
Honda Motor 5½ 97	3/83	759.6	131	132¼	-0⅜	0.28
Konishiroku Photo 4 98	10/83	873	102½	103½	+0⅛	3.22
Kyowa Hakko 5¼ 91	2/83	782	115	116¼	+1⅛	7.23
Minebea Co Ltd 5½ 98	5/83	667	111⅝	112⅝	-0½	-1.85
Mitsubishi Electric 5¼ 98	8/83	396	104⅜	105⅝	-1⅛	3.67
Mitsubishi Heavy 4¾ 98	1/84	253	98¼	97⅛	+0⅜	1.75
Murata 3½ 99	2/84	2935	118⅝	117⅝	-0⅜	3.67
Nippon Oil Co 5½ 98	4/83	964	109	119	-1	4.18
Nissan Motor 5¼ 98	4/83	700	102⅜	103⅜	+0⅜	1.79
Olympus Optical 6¾ 97	12/82	1157	106⅛	107⅛	+0½	8.68
Orient Leasing 5¼ 98	6/83	2680	104⅛	105⅛	-0⅛	-5.13
Secom 5 98	11/83	2920	164¼	166	-1½	-1.12
Yamaichi Sec Co 5 98	8/83	449.5	100⅛	101¼	-1⅛	-3.73
Yamanouchi Pharm'cal 4 90	10/83	1608	89½	99½	-0⅛	26.89
Bridge Oil 4¾ 93 SF	3/84	3.43	108⅛	111⅛	-0⅛	23.45
Nippon Airway 2¾ 94 SF	2/84	354	99¼	100⅛	-0½	-4.19
Toshiba 2¾ 94 SF	1/84	391	108⅞	110⅞	-2½	5.65
Ascs 5 92 DM	12/83	528	106	107	-3⅛	14.08
Sum Realty 6¼ 92 DM	2/83	385	124⅞	125⅞	-0⅛	-8.18

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER — Nasdaq National Market

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Stock	Sales (Hnds)	High	Low	Last	Chng
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EUROBONDS

EIB draws on Swiss and German sectors

BY MARY ANN SIEGHART IN LONDON

THE EUROPEAN Investment Bank tapped two continental bond markets yesterday with public issues of DM 250m in Germany and SwFr 100m in Switzerland.

The 10-year D-Mark bond has an 8 per cent coupon at par and is led by Deutsche Bank. It proved popular with investors, trading at a small ⅜ point discount, well within the selling concession.

The Swiss franc bond has a 12-year life and an indicated coupon of 8 per cent. Swiss Banking Corporation will price the deal on Thursday.

Toyo Engineering, the Japanese chemical and energy plant builder, launched the only new issue in the dollar sector. Guaranteed by Mitsui Bank, the $30m, five-year bond has an indicated 6½ per cent coupon. Yamaichi is leading the deal with Baring Brothers, Dresdner Bank and Nomura International.

Each $5,000 bond carries a warrant to buy $5,000 worth of the company's shares at a conversion premium of about 2½ per cent over the market price. Final terms will be set next Tuesday.

BHF Bank bond average		
Feb 13		Previous
98.839		98.845
High	1983-84	Low
102.917		97.699

British Land, the U K property company, has made its debut in the Swiss franc bond market with a minimum SwFr 100m, five-year public deal led by Soditic and Banque Gutzwiller, Kurs, Bungener. The bond has an indicated coupon of 6¾ per cent and will be *priced on Thursday.*

With the New York bond market closed for a public holiday, secondary bond markets were very quiet yesterday.

● The Saudi Arabian Monetary Agency (Sama) has issued its first debt instrument, a SR 350m ($100m) offering of 91-day banking security deposit accounts. The issue is priced at 97.90625, and will yield 8.46 per cent during the period

French agency taps Luxembourg market

BY OUR EUROMARKETS CORRESPONDENT

CREDIT d'Équipement, a French state agency that specialises in lending to small businesses, is raising LuxFr 3.5bn in what is believed to be the largest loan ever arranged for a foreign borrower in the currency of the Grand Duchy.

The loan, which is led by Crédit Lyonnais and Banque Internationale à Luxembourg, started out at only LuxFr 2.5bn but was increased by LuxFr 1bn because of oversubscription. Bankers in Luxembourg say that about LuxFr 4bn could have been raised from the market.

That is despite relatively fine terms. Interest margins on the six-year loan start at ⅜ per cent over money market rates, rising after four years to ½ per cent. Repayments are due to begin after a grace period of five years.

Bankers are cautious about the possibility of this credit being followed by others of similar size. Part of its success comes because the Luxembourg market has seen little new business since late last year. French borrowers find it attractive because the currency risk is smaller than that of raising money in U.S. currency.

● The $30m commercial bank co-financing being arranged with the European Investment Bank for *Electricidade de Portugal* has been increased to $50m after oversubscription.

Bundespost DM 1bn bond

BY OUR FINANCIAL STAFF

THE BUNDESPOST, West Germany's postal authority, is to tap the capital market with a DM 1bn bond, which goes on sale from tomorrow for two days.

The issue coincides with a modest revival in the German bond market after the dollar's recent decline on the foreign exchanges. The dollar has shed 4 per cent against the D-Mark this month.

The Bundespost bond, over 10 years, is being offered at 100.5 on a coupon of 8¼ per cent. Contrary to earlier expectations, the issuing banks have decided not to try their luck with an 8 per-cent coupon.

Dealers said the conditions were greeted favourably by the market, and one said the issue was already attracting considerable interest.